

UNDEREMPLOYMENT IN THE INDUSTRY SECTOR (Fourth of a Seven-Part Series)

"Underemployment indicates the extent of underutilization of the productive capacity of the employed population, specifically those which are byproducts of flawed or inadequate economic system. The main objective of measuring underemployment is to provide empirical evidences that would serve as basis for improving the analysis or assessment of employment problems and to contribute towards the formulation of policies and measures designed to promote full, productive and freely chosen employment¹."

In the Philippines, the rising incidence of underemployment is considered a more serious problem than unemployment since underemployment rate is usually higher or twice the unemployment rate. While unemployment is usually a problem among youth (with an average rate of 17.0%), underemployment cuts across age groups and affects more the less educated workers and heads of families.

This article which focuses on underemployment in the industry sector, is the fourth of the seven-part series of LABSTAT Updates on underemployment that the Bureau of Labor and Employment Statistics is releasing to provide policy makers, researchers and the general public with concepts and hard statistics that would enable them to gain a better understanding of the underemployment phenomenon in the country. Due to data limitation, data presented in this report are comparative statistics of the January rounds of the Labor Force Survey conducted by the National Statistics Office (NSO) for the year 1997, 2001 and 2005. Data for 1997 used the 1977 Philippine Standard Industrial Classification (PSIC) while that for 2001 and 2005 were based on the 1994 PSIC. Further, the said data series were based on the 1995 Census-Based Population Projection.



The industry sector, accounting for almost one third of the country's gross domestic product (at constant prices) is comprised of the following industries: mining and quarrying, manufacturing, electricity, gas and water and construction. Employment in the sector stood at 4.975 million or 15.7 percent out of the 31.634 million total employed in January 2005. Since 1997, percent shares to total employment in the sector has remained essentially unchanged at

16.8 percent in 1997 and 16.7 percent in 2001 but slid by 1.0 percentage point in 2005 to reach 15.7 percent. (Table 1)

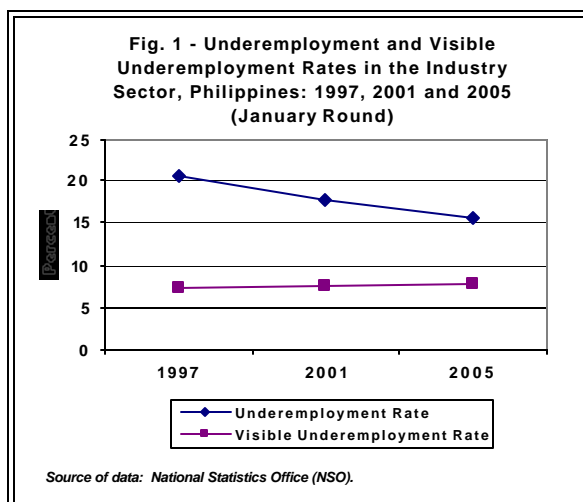
Among the employed persons in the sector were those who expressed the desire to have additional hours of work or the underemployed, numbering less than one million (0.899 million, 0.822 million and 0.778 million) for the three periods reviewed.

As percent to total industry employment, the underemployment rates of the sector declined from 20.6 percent in 1997 to 17.6 percent in 2001, and 15.6 percent in 2005. (See Fig. 1)

¹ 16th International Conference of Labor Statistics (ICLS), October 1998 Resolution concerning the Measurement of Underemployment and Inadequate Employment Situation.

Visibly underemployed persons in the industry sector inching up slowly

Though the underemployment rates were declining, the visibly underemployed or those persons wanting additional work but worked less than 40 hours a week were slowly increasing from 0.323 million in 1997 to reach 0.383 million in 2005. As percent to total employed in the sector, the visible underemployment rate stood at 7.7 percent in 2005 upped by 0.2 and 0.3 percentage points in 2001 and 1997, respectively.



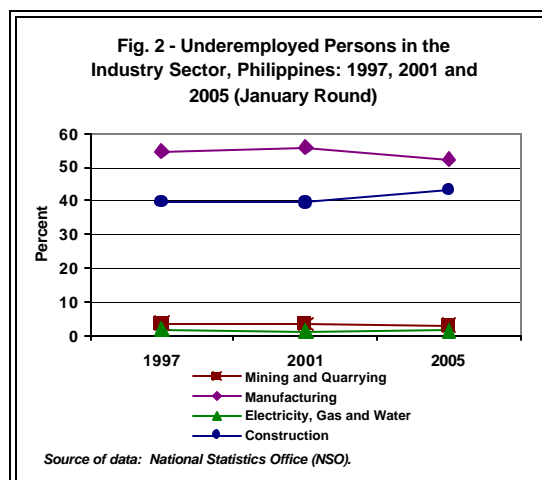
Most underemployed in the industry sector found in manufacturing and construction

More than half (54.7%, 55.7% and 52.3%) of the underemployed in the industry sector in the three periods reviewed were in the manufacturing. Construction followed where two (2) out of five (5) employed persons wanted additional hours of work (39.6% or

356,000 in 1997, 39.5% or 325,000 in 2001 and 43.2 percent or 336,000 in 2005). Meanwhile, lesser percent shares were contributed by the mining and quarrying, and electricity, gas and water industries.

Underemployed persons in industry sector mainly engaged in the manufacture of textile, wearing apparel and leather and in construction

Almost 3 out of 10 underemployed persons in manufacturing were found in the manufacture of textiles, wearing apparel and leather industries (29.1% or 0.141 million in 1997, 29.3% or 0.134 million in 2001 and 27.0% or 0.110 million in 2005). Following closely was the manufacture of food, beverages and tobacco that shared more than one-fifth of the total underemployed in manufacturing (21.3% or 0.103 million in 1997, 22.9% or 0.105 million in 2001 and 24.6% or 0.100 million in 2005. The rest of manufacturing (33.7%, 35.2% and 33.2%) for the periods reviewed were contributed by 18 sub-industries in small percent shares. (Table 2).



wearing apparel and leather industries. However, an increment was observed in the manufacture of food, beverages and tobacco, upped by 14,000 from 41,000 in 1997 to reach 55,000 in 2005.

Meanwhile, a decreasing trend for the visible underemployed persons (40.2% in 1997, 35.9% in 2001 and 32.7% in 2005) were found in textile,

Relative to construction industry, the declining number of underemployed persons from 0.356 million in 1997 to 0.336 million in 2005 showed it has slowly recovered from the 1997 Asian financial crisis that greatly affected the industry. However, the number of visibly underemployed persons in said sector rose sharply from 120,000 in 1997 to 163,000 in 2005.

Though the industry sector is the least contributor in terms of employment of the total workforce, still the presence of underemployment in the sub-industries of the sector should be addressed. For instance, welfare programs and packages for manufacturing sector workers,

particularly those in the textile, wearing apparel and leather where most of the underemployed workers were found, must be strengthened. More focused labor policy and program interventions should be made for the workers in the textile, wearing apparel and leather, as the sector is still reeling from the effects of the collapse of the industry in the last decade. In the construction industry where work is seasonal, workers must be provided with ample protection and support particularly in the form of training or retooling to address the insufficient use of their skills and experience or low productivity, thereby giving them alternative employment during slack period.

TABLE 1 – Employed and Underemployed Persons by Selected Indicators, Philippines: 1997, 2001 and 2005 (January Round)

(In thousands except percent/rate)

Indicator	1997		2001		2005	
	Number	Percent	Number	Percent	Number	Percent
Total Employed	25,998	100.0	28,096	100.0	31,634	100.0
Employed in the Industry Sector	4,355	-	4,683	-	4,975	-
As Percent to Total Employed	-	16.8	-	16.7	-	15.7
Total Underemployed in the Industry Sector	899	100.0	822	100.0	778	100.0
Mining and Quarrying	34	3.8	28	3.5	23	3.0
Manufacturing	492	54.7	458	55.7	407	52.3
Electricity, Gas and Water	17	1.9	11	1.3	12	1.5
Construction	356	39.6	325	39.5	336	43.2
Visibly (<i>worked less than 40 hours a week</i>)	323	-	349	-	383	-
As Percent to Total Underemployed in Industry	-	35.9	-	42.5	-	49.2
Underemployment Rate (%) in the Industry Sector	-	20.6	-	17.6	-	15.6
Visible Underemployment Rate (%)	-	7.4	-	7.5	-	7.7

Notes: 1. Details may not up to total due to rounding.

2. The NSO is not liable to misuse of data.

Source of basic data: National Statistics Office, Labor Force Survey, Public Use Files.

FOR INQUIRIES:

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FAX 527-5506 E-mail: tsd@manila-online.net Website: <http://www.manila-online.net/bles>

TABLE 2 – Number and Percent Share of Underemployed and Visibly Underemployed Persons in Manufacturing and Construction by Minor Industry Group, Philippines: 1997, 2001 and 2005 (January Round)

(In thousands except percent)

1977 PSIC CODE	Major/Minor Industry Group	1997				1994 PSIC CODE	Major/Minor Industry Group	2001				2005			
		Under- Employed	Percent Share	Visible Underem- ployment	Percent Share			Under- Employed	Percent Share	Visible Underem- ployment	Percent Share	Under- Employed	Percent Share	Visible Underem- ployment	Percent Share
3	Total Manufacturing Industry	492	100.0	184	100.0	D	Total Manufacturing Industry	458	100.0	206	100.0	407	100.0	205	100.0
31	Manufacture of Food, Beverages & Tobacco	103	21.3	41	22.3	15 & 16	Manufacture of Food Products and Beverages and Tobacco Products	105	22.9	52	25.2	100	24.6	55	26.8
32	Textile, wearing apparel and leather industries	141	29.1	74	40.2		Manufacture of Textiles, Wearing Apparel and Leather	134	29.3	74	35.9	110	27.0	67	32.7
						17	Manufacture of textiles	52	11.4	33	16.0	44	10.8	31	15.1
						18	Manufacture of Wearing Apparel	72	15.7	38	18.4	61	15.0	35	17.1
						19	Farming and Dressing of Leather Manufacturer of Luggage, Handbags and Footwear	10	2.2	3	1.5	5.	1.2	1	0.5
33	Manufacture of wood and wood products, including furniture and fixture	77	15.9	32	17.4	20	Manufacture of wood, wood products and Cork, except furniture; manufacture of articles of Bamboo, Cane, rattan and the Like; manufacture of Plaiting Materials	58	12.7	33	16.0	62	15.2	30	14.6
34-39	Rest of Manufacturing Industry	171	33.7	37	20.1	21-39	Rest of Manufacturing Industry	161	35.2	47	22.8	135	33.2	53	25.9
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50	Construction	356	-	120	-	45	Construction	325	-	128	-	336	-	163	-

Notes: 1. Details may not add up to total due to rounding.

2. The NSO is not liable to misuse of data.

3. The Labor Force Survey (LFS) began adopting the 1994 Philippine Standard Industrial Classification (PSIC) starting January 2001 survey round but previous to this, the 1977 PSIC was used.

Source of basic data: National Statistics Office, Labor Force Survey, Public Use Files.