

THE PHILIPPINE OVERSEAS EMPLOYMENT: UNDERSTANDING ITS TREND AND STRUCTURAL CHANGE (Part 5)



This Labstat issue is the last of a five-part series focusing on the trend and structure of overseas employment. The report covered data series spanning 32 years based on deployment data compiled by the Philippine Overseas Employment Administration (POEA) and its predecessor offices, namely, the Overseas Employment Development Board (OEDB) and the National Seamen Board (NSB). This issue presents the summary and conclusion of the five-part series report. It also proposes a mix of policy options that can address the challenges and opportunities of the evolving global labor market.

SUMMARY AND CONCLUSION

The analysis of the deployment data revealed the following empirical evidences regarding the trend and structural changes that occurred within the past three decades:

1. The magnitude of overseas employment has grown dramatically over the past 32 years as evidenced by the upward trend of the deployment data. Further, the behavior of the deployment data series was largely dictated by the outflow of landbased workers (particularly in the Saudi Arabian labor market), which comprised three-fourths of the total deployment at any given year.
2. Discernible from the total deployment trend (1972 to 2005) is the presence of four subperiods, as follows:
 - a. 1972-1983 – sustained and rapid growth rate
 - b. 1984-1990 – volatility and general slowdown
 - c. 1991-1998 – return to recovery path
 - d. 1999-2005 – steady but modest growth rate
3. A series of statistical tests (Unobserved Component Models of the Statistical Analysis Software) revealed the deterministic behavior of the total land-based deployment data for the period 1972-2005, which confirmed the presence of a deployment cycle with a measured period or wavelength of 6 to 7 years. The statistical tests also show that the cycle is characterized by narrow troughs and steep trajectory of peaks. Similar result was obtained for the land-based deployment data for Saudi Arabia, implying that the behavior of the total land-based deployment data is largely

influenced by the performance of the Saudi Arabian labor market.

However, the presence of deployment cycle for the regional labor markets was found to be inconclusive due to the presence of large error which is primarily attributed to the deficiency in the number of available data/observation.

4. The continuously increasing trend of sea-based deployment data series suggests the absence of cyclical pattern, except for a brief fluctuation in the early years of the eighties.
5. Evident from the deployment trend are the migration waves of OFWs in regional labor market destinations — the Middle East in the seventies, the Asian countries in the eighties and Europe in the late nineties.
6. Occupational shift is another important dimension of the changes that occurred in overseas employment. The period 1972-1987 was characterized by the rise in the outflow of production workers which represent the bulk of the total deployment at 41.3%. On the other hand, the period 1992-2004 was marked by the continued rise in deployment of professional and service sector workers.

Several conclusions can be derived from the above empirical evidences which are crucial in understanding the behavior of overseas employment in the country. For one, the narrow troughs and steep trajectory of peaks of the land-based deployment cycles imply a quick

recovery from slump and a rapidly increasing deployment trend. However, said positive behaviors depend to a large extent on the external forces affecting the deployment of OFWs, suggesting the vulnerability of overseas employment strategy to events beyond the country's domestic control.

The narrow troughs which characterized the land-based deployment trend confirmed the influence of external forces that impact negatively on overseas employment which include the Gulf War, SARS outbreak, and implementation of internal policies that are meant to restrict the entry of workers in the host country of destination. Similarly, the steep trajectory of peaks of the deployment trend confirmed the influence of external events that impact positively on overseas employment which include the construction boom in the Middle East, the labor shortage in Asia's newly industrializing economies, and the aging of population in the Nordic countries.

The statistical findings revealed in this study prove to be useful in analyzing the overseas employment phenomenon and in improving the government's policy interventions (e.g. active regional labor market search; pro-active negotiation for bilateral migration scheme that ensures the safety and protection of OFWs; and effective repatriation and reintegration policies) in response to the challenges of the evolving global/regional labor market. The results presented in this report also signals the need to define the parameters of policy interventions that should guide policy-makers and program implementers in the

identification of key strategies that would take advantage of the positive effects and at the same time mitigate the vulnerability of the country's overseas employment strategy to the negative effects of the external forces. Likewise, it is imperative to strengthen the country's domestic interventions such as the installation of innovative approaches to facilitate the deployment process, and the continuous improvement of the domestic systems and procedures to ensure the orderly exits and re-entry of OFWs in the country.

Another conclusion that can be drawn is that the existence of migration waves of OFWs points to the presence of maturing and emerging regional labor markets. While the Middle East and Asia remain to be the major markets for deployment, Europe is fast becoming a favorite destination of OFWs, particularly of the skilled and professional workers. It is therefore worthwhile to take advantage of this labor market by way of active bilateral negotiations with possible destination countries in Europe where there are existing labor shortages. It is also worthwhile to

rethink/improve our policy and program strategies for the Saudi Arabian labor market, being the single most important market that influences the behavior of our country's deployment performance.

Lastly, the occupational shift that characterizes the overseas employment data from low-skilled (1972-1987) to high-skilled workers (1992-2004) shows the increasing competitiveness of the Filipino workforce in the global labor market and the increasing confidence of destination countries on the capacities of the OFWs. The policy challenge to this phenomenon is how to ensure the effective marketing of skilled OFWs in the regional labor markets without sacrificing the availability of such workers for the benefit and competitiveness of the domestic industries in the Philippines.

FOR INQUIRIES:

Regarding this report contact **EMPLOYMENT AND MANPOWER STATISTICS DIVISION** at 527-3000 loc. 313

Regarding other statistics and technical services contact **BLES DATABANK** at 527-3000 loc. 317

Or Write to BLES c/o **Databank, 3/F DOLE Bldg. Gen. Luna St., Intramuros, Manila, 1002**

FAX 527-93-24 E mail: emsd@manila-online.net, emsdbles@yahoo.com or blesemsd@bles.dole.gov.ph

Or visit our website at <http://www.manila-online.net/~bles> or <http://www.bles.dole.gov.ph>
