

## THE 2006 EMPLOYMENT SITUATION (THE YEAR IN REVIEW)



### Overview

The labor market remained resilient in 2006, notwithstanding the steep increase in world prices for oil products that resulted in higher inflation rate, and the series of typhoons that hit the country in the second half of the year. On the average, employment level grew by 2.0% - driven by the strong performance of the service sector (3.1%) and modest expansion in agriculture, fishery and forestry sector (1.6%). The quality of employment was mixed - wage and salary employment grew by 2.9% but was negated by the small decline in full-time employment (-0.6%). Also, the rate of underemployment continued to rise though at slower pace than last year.

Unless indicated, the employment figures cited in this report represent the average of the four (4) rounds of the Labor Force Survey (LFS) conducted by the National Statistics Office (NSO) in the months of January, April, July and October.

### Employment

Employment growth was almost equally spread over the year except in the fourth quarter when growth rate slowed down. Specifically, employment level rose year-on-year by 2.3% (+743,000) in January, 2.5% (+803,000) in April and 2.3% (+736,000) in July then dipped to 0.9% (+310,000) in October, registering the lowest gain for the year. This trend is a complete reversal in 2005 when employment peak during the fourth quarter as shown in Table 1.

On the average, the annual employment growth for the year was placed at 2.0% (+648,000) – a little change from last year's average growth rate of 2.2% (+700,000).

**Table 1 - TOTAL EMPLOYED PERSONS  
PHILIPPINES: 2004-2006**  
(in thousands except rates)

YEAR/ SURVEY ROUND	Total Employed Persons	Increment	Growth Rate (%)
<b>2006 (Ave.)</b>	<b>32,961</b>	<b>648</b>	<b>2.0</b>
January	32,377	743	2.3
April	33,024	803	2.5
July	33,257	736	2.3
October	33,185	310	0.9
<b>2005 (Ave.)</b>	<b>32,313</b>	<b>700</b>	<b>2.2</b>
January	31,634	87	0.3
April	32,221	688	2.2
July	32,521	889	2.8
October	32,875	1,134	3.6
<b>2004 (Ave.)</b>	<b>31,613</b>	<b>978</b>	<b>3.2</b>
January	31,547	1,428	4.7
April	31,533	1,115	3.7
July	31,632	1,181	3.9
October	31,741	188	0.6

p Preliminary.

Source: National Statistics Office, Labor Force Survey.

- The services sector continued to provide the main source of employment – the sector accounted for about one-half (49.0% or 16.143 million) of total employed persons. It also grew the fastest at 3.1% (+484,000) among the three broad sectoral groupings. Leading gainers were wholesale and retail trade (+133,000) and private households with employed persons (+110,000). Notable gains were also observed in real estate, renting and business activities (+64,000) and transport, storage and communications (+41,000). The rest of the sub-sectors posted modest gains in employment except for health and social work which posted a small decline (-9,000).
- The combined agriculture, fishery and forestry sector comprised the next important sector accounting for more than one-third (35.8% or 11.812 million) of total employed persons. Its growth in 2006 at 1.6% (+184,000) was lower compared to the growth a year ago at 2.2% (+247,000). This was due to the adverse effect of the series of strong typhoons that hit the country in the second half of the year.
- Industry sector constituted the smallest sector in terms of employment generation – it accounted for just 15.2% or 5.006 million of total employed. Employment in this sector fell slightly by 0.4% (-18,000) from a year ago level. Losses were noted mainly in construction (-31,000) and manufacturing (-18,000) offsetting the small gains in mining and quarrying (+18,000) and electricity, gas and water (+12,000).

- The bulk (50.9% or 16.790 million) of employed persons were in wage and salary employment. Self-employed ranked next (32.4% or 10.667 million) and the rest were unpaid family workers (12.3% or 4.038 million) and employer (4.4% or 1.467 million). (*Table 3*)

Over the period, wage and salary employment rose by 2.9% (+474,000), unpaid family workers by 3.7% (+144,000) and own-account employment by less than 1% (0.2% or +29,000).

- By hours of work, the majority (60.8% or 20.056 million) were engaged in full-time employment i.e., worked 40 hours or more a week). The rest were part-time workers (37.5% or 12.375 million) or did not work (1.6% or 530,000).

Compared last year, the number of persons in part-time employment grew by 6.3% (+735,000). On the other hand, persons in full-time employment was down slightly (-0.6% or -131,000).

- Employment growth occurred in all but three regions. The big gainers were Region IV-A (+128,000), Region VII (+91,000), Caraga (+77,000) and National Capital Region (+70,000). The losers were Region III (-9,000), Region V (-30,000) and ARMM (-28,000). (*Table 4*)

**Table 2 - SUMMARY STATISTICS ON EMPLOYMENT BY MAJOR INDUSTRY GROUP**  
**PHILIPPINES: 2004-2006 (Annual Average)**  
(in thousands except rates)

INDUSTRY	Total Employed Persons			Increment			Growth Rate (%)		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
<b>EMPLOYED PERSONS</b>	<b>32,961</b>	<b>32,313</b>	<b>31,613</b>	<b>648</b>	<b>700</b>	<b>978</b>	<b>2.0</b>	<b>2.2</b>	<b>3.2</b>
<b>SECTOR</b>									
<b>Agriculture, Fishery and Forestry</b>	<b>11,812</b>	<b>11,628</b>	<b>11,381</b>	<b>184</b>	<b>247</b>	<b>162</b>	<b>1.6</b>	<b>2.2</b>	<b>1.4</b>
<b>Industry</b>	<b>5,006</b>	<b>5,024</b>	<b>4,998</b>	<b>-18</b>	<b>26</b>	<b>158</b>	<b>-0.4</b>	<b>0.5</b>	<b>3.3</b>
Mining and Quarrying	141	123	118	18	5	14	14.6	4.2	13.5
Manufacturing	3,059	3,077	3,061	-18	16	120	-0.6	0.5	4.1
Electricity, Gas and Water	129	117	120	12	-3	8	10.3	-2.5	7.1
Construction	1,677	1,708	1,700	-31	8	17	-1.8	0.5	1.0
<b>Services</b>	<b>16,141</b>	<b>15,660</b>	<b>15,235</b>	<b>483</b>	<b>425</b>	<b>658</b>	<b>3.1</b>	<b>2.8</b>	<b>4.5</b>
Wholesale and Retail Trade	6,280	6,147	5,872	133	275	271	2.2	4.7	4.8
Hotels and Restaurants	893	861	806	32	55	56	3.7	6.8	7.5
Transport, Storage & Communications	2,492	2,451	2,427	41	24	117	1.7	1.0	5.1
Financial Intermediation	350	341	328	9	13	25	2.6	4.0	8.3
Real Estate, Renting & Business Activities	798	734	690	64	44	51	8.7	6.4	8.0
Public Administration & Defense, Compulsory Social Security	1,513	1,481	1,491	32	-10	76	2.2	-0.7	5.4
Education	1,012	978	938	34	40	12	3.5	4.3	1.3
Health and Social Work	364	375	361	-11	14	-10	-2.9	3.9	-2.7
Other Community, Social & Personal Service Activities	811	775	835	36	-60	-26	4.6	-7.2	-3.0
Private Households with Employed Persons	1,626	1,517	1,487	110	30	88	7.3	2.0	6.3
Extra-Territorial Organizations	2	0	2	2	-2	0	-	-100.0	0.0

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

**Table 3 - SUMMARY STATISTICS ON EMPLOYMENT BY HOURS OF WORK AND CLASS OF WORKER**  
**PHILIPPINES: 2004-2006 (Annual Average)**  
(in thousands except rates)

INDUSTRY	Total Employed Persons			Increment			Growth Rate (%)		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
<b>EMPLOYED PERSONS</b>	<b>32,961</b>	<b>32,313</b>	<b>31,613</b>	<b>648</b>	<b>700</b>	<b>978</b>	<b>2.0</b>	<b>2.2</b>	<b>3.2</b>
<b>CLASS OF WORKER</b>									
Wage and Salary Workers	16,790	16,316	16,472	474	-156	1,118	2.9	-0.9	7.3
Employer	1,467	1,520	1,604	-53	-84	-1	-3.5	-5.2	-0.1
Self-employed	10,667	10,584	10,011	83	573	99	0.8	5.7	1.0
Unpaid Family Workers	4,038	3,893	3,527	145	367	-238	3.7	10.4	-6.3
<b>HOURS OF WORK</b>									
Less than 40 Hours (Part-Time Employment)	12,375	11,640	11,612	735	28	301	6.3	0.2	2.7
40 Hours and Over (Full-Time Employment)	20,056	20,187	19,367	-131	820	522	-0.6	4.2	2.8
Did Not Work	530	486	633	44	-147	163	9.1	-23.2	34.7

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

**Table 4 - SUMMARY STATISTICS ON EMPLOYMENT BY REGION**  
**PHILIPPINES: 2004-2006 (Annual Average)**  
(in thousands except rates)

REGION	Total Employed Persons			Increment			Growth Rate (%)		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
<b>EMPLOYED PERSONS</b>	<b>32,961</b>	<b>32,313</b>	<b>31,613</b>	<b>648</b>	<b>700</b>	<b>978</b>	<b>2.0</b>	<b>2.2</b>	<b>3.2</b>
NCR	4,166	4,096	4,064	70	32	56	1.7	0.8	1.4
CAR	658	623	618	35	5	35	5.6	0.8	6.0
Region I	1,675	1,651	1,631	24	20	44	1.5	1.2	2.8
Region II	1,347	1,309	1,360	38	-51	112	2.9	-3.8	8.9
Region III	3,163	3,172	3,097	-9	75	42	-0.3	2.4	1.4
Region IV-A	3,938	3,810	3,665	128	145	114	3.4	4.0	3.2
Region IV-B	1,008	994	946	14	48	21	1.4	5.1	2.2
Region V	1,952	1,982	1,928	-30	54	73	-1.5	2.7	3.9
Region VI	2,789	2,755	2,710	34	45	114	1.2	1.7	4.4
Region VII	2,423	2,332	2,218	91	114	92	3.9	5.1	4.3
Region VIII	1,653	1,643	1,608	10	35	38	0.6	2.2	2.4
Region IX	1,298	1,237	1,202	61	35	25	4.9	2.9	2.1
Region X	1,769	1,758	1,719	11	39	62	0.6	2.3	3.7
Region XI	1,687	1,619	1,606	68	13	67	4.2	0.8	4.4
Region XII	1,517	1,468	1,413	49	55	46	3.3	3.7	3.4
Caraga	988	911	907	77	4	-7	8.5	0.4	-0.8
ARMM	928	956	923	-28	33	44	-2.9	3.6	4.0

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

## Underemployment

One of the weaknesses of the labor market is the rise in underemployment in recent years. From 17.6% in 2004, underemployment rate rose sharply by 3.4 percentage points to reach 21.0% in 2005. It rose again in 2006 but pace of increase has gone down to 1.7% to reach 22.7%. (Table 5)

The rate rose sharply in April (25.4%) from January (21.3%) and declined in July (23.5%) and October (20.4%).

In absolute terms, the number of underemployed (employed persons who expressed the desire for additional hours of work or additional job) went up by 682,000 to reach 7.467 million.

About 60.4 % (4.511 million) of the total underemployed persons were visibly underemployed (worked less than 40 hours a week). This corresponds to visible underemployment rate of 13.7%, upped slightly from 12.4% last year.

## Unemployment

The average data for the four (4) survey rounds of the Labor Force Survey revealed an unemployment rate of 7.9%. This figure translates to some 2.825 million unemployed persons. (Table 6)

Note that this figure cannot be compared with the 2005 data. This is because the average for 2005 cannot be computed due to the adoption of a new unemployment definition in April 2005 that introduced "availability for work" as the third criterion in defining unemployed persons. (Table 6)

**Table 5 - TOTAL UNDEREMPLOYED AND VISIBLY UNDEREMPLOYED PERSONS  
PHILIPPINES: 2004-2005**  
(in thousands except rates)

YEAR/ SURVEY ROUND	Under- employed Person	Under- employ- ment Rate (%)	Visibly Under- employed Person	Visible Under- employ- ment Rate (%)
<b>2006 (Ave.)</b>	<b>7,467</b>	<b>22.7</b>	<b>4,511</b>	<b>13.7</b>
January	6,883	21.3	4,333	13.4
April	8,401	25.4	5,116	15.5
July	7,823	23.5	4,427	13.3
October	6,761	20.4	4,167	12.6
<b>2005 (Ave.)</b>	<b>6,785</b>	<b>21.0</b>	<b>4,082</b>	<b>12.4</b>
January	5,098	16.1	3,286	10.4
April	8,421	26.1	4,568	14.2
July	6,660	20.5	4,228	13.0
October	6,962	21.2	4,247	12.9
<b>2004 (Ave.)</b>	<b>5,575</b>	<b>17.6</b>	<b>3,472</b>	<b>11.0</b>
January	5,522	17.5	3,282	10.4
April	5,839	18.5	3,882	12.3
July	5,573	17.6	3,357	10.6
October	5,364	16.9	3,365	10.6

*p Preliminary.*

Source: National Statistics Office, Labor Force Survey.

- By survey round, the highest rate was recorded in January and April at 8.1% each. This is expected as April coincides with the influx in the labor market of graduates and vacationing students looking for work during summer months. Interestingly, the lowest figure at 7.3% was posted in the month of October which coincided with the slowdown in employment growth rate.
- The youth continued to account for the bulk of the unemployed (49.1%). Their unemployment rate at 17.6% was more than twice the national figure and three times the rate for those in the prime working age group 25 to 54 years. (Table 7)
- About two in three unemployed persons were male. However, the rate of unemployment was noted slightly higher among men (8.2%) than women (7.6 %).

**Table 6- TOTAL UNEMPLOYED PERSONS**  
**PHILIPPINES: 2004-2005**  
(in thousands except rates)

<b>SURVEY ROUND</b>	<b>Total Unemployed Persons</b>	<b>Unemployment Rate (%)</b>
<b>2006 (Ave.)</b>	<b>2,825</b>	<b>7.9</b>
January	2,839	8.1
April	2,930	8.1
July	2,908	8.0
October	2,621	7.3
<b>2005 (Ave.)</b>	<b>a</b>	<b>a</b>
January	<b>b</b>	<b>b</b>
April	2,909	8.3
July	2,715	7.7
October	2,619	7.4

*a Cannot be computed due to the adoption of new unemployment definition in April 2005.*

*b Based on old definition.*

Source: National Statistics Office, Labor Force Survey

- Majority (32.3% or 913,000) of the unemployed were high school graduates. Equally large were those with college degree (18.4% or 520,000) and college undergraduate (20.3% or 573,000).
- Four (4) regions posted unemployment rate higher than the national average: NCR (14.4%), Region I (8.6%), Region III (10.4%) and Region IV-A (10.1%). On the other hand, unemployment rate was recorded lowest in Region II (3.2%), Region IX (3.6%) and ARMM (4.2%).

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**FOR INQUIRIES:**

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**Table 7 - SUMMARY STATISTICS ON UNEMPLOYED PERSONS BY SEX, AGE, EDUCATION  
AND REGION PHILIPPINES: 2006 (Annual Average)**  
(in thousands except rates)

Indicator	Total Unemployed Persons	Percent Share (%)	Unemployment Rate (%)
<b>TOTAL</b>	<b>2,825</b>	<b>100.0</b>	<b>7.9</b>
<b>Sex</b>			
Male	1,797	63.6	8.2
Female	1,028	36.4	7.6
<b>Age Group</b>			
15-24 years old	1,387	49.1	17.6
25-54 years old	1,330	47.1	5.8
55 years old and over	107	3.8	2.3
<b>Highest Grade Completed</b>			
No Grade Completed	18	0.6	a
Elementary	428	15.2	a
Undergraduate	187	6.6	a
Graduate	241	8.5	a
High School	1,287	45.6	a
Undergraduate	373	13.2	a
Graduate	913	32.3	a
College	1,092	38.7	a
Undergraduate	573	20.3	a
Graduate	520	18.4	a
<b>Region</b>			
NCR	693	24.5	14.4
CAR	36	1.3	5.4
Region I	157	5.6	8.6
Region II	44	1.6	3.2
Region III	370	13.1	10.4
Region IV-A	434	15.4	10.1
Region IV-B	51	1.8	4.8
Region V	116	4.1	5.5
Region VI	187	6.6	6.3
Region VII	194	6.9	7.6
Region VIII	82	2.9	4.7
Region IX	47	1.7	3.6
Region X	104	3.7	5.6
Region XI	128	4.5	7.3
Region XII	88	3.1	5.6
Caraga	57	2.0	5.5
ARMM	40	1.4	4.2

*a Data not available.*

*Source: National Statistics Office, Labor Force Survey.*