

THE INACTIVE UNEMPLOYED: Why Are They Not Looking For Work?

This paper is part of a series on unemployment statistics based on data culled from the Labor Force Survey (LFS) of the NSO. Previous to this issue (Vol. 4 No. 9) is the paper on the two categories of unemployed - those actively looking for work and those not looking for work or the so called "inactive" unemployed. The most common reasons for not looking for work is the focus of this report.

In addition, the data indicated herein were obtained from the Labor Force Survey (LFS) conducted by the National Statistics Office (NSO). Results of the January, April, July and October rounds of the LFS were averaged to represent the annual data from 1990 to 1999.

OVERVIEW

In the Philippines, the concept of unemployed refers to those persons in the labor force who have no jobs or businesses during the reference week but are reported actively searching for work. Included also are the jobless persons not looking for work otherwise known as the "inactive unemployed". The following reasons were cited:

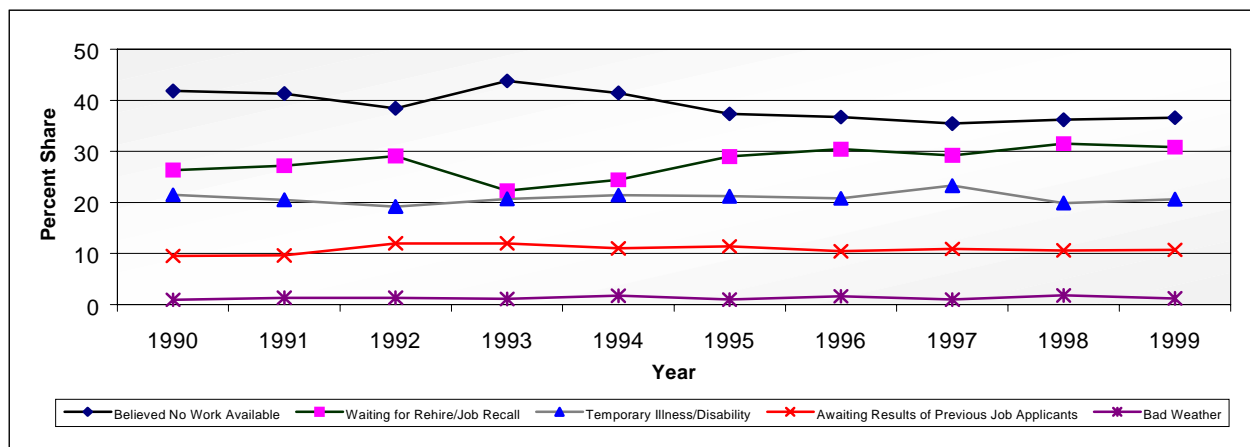
- 1) belief that no work is available
- 2) temporary illness or disability of the person
- 3) bad weather
- 4) awaiting result of previous job application
- 5) waiting for rehire/job recall



Except for the first reason, these conform with the International Labor Organization (ILO) recommendations on unemployment.

REASONS OF THE INACTIVE UNEMPLOYED

Fig. 1 - Reasons for Not Looking for Work by the Inactive Unemployed, Philippines: 1990-1999



Believed no work is available is the most common reason

- ❖ From 1990 to 1999, about 40.0 percent of the inactive unemployed believed that no work was available at the time of the survey hence, were not looking for work (Table 1). These were the "discouraged workers" who may have a negative perception of the economy or they may have been unemployed for quite sometime. For them, looking for a job is deemed futile primarily because of the belief that no job is available especially during economic downturn or their economy cannot provide them with jobs that would suit their skills.
- ❖ From 41.8 percent in 1990, their share gradually decreased to 41.3 percent and 38.4 percent in 1991 and 1992, respectively. Then, it climbed to 43.8 percent in 1993, the highest for the ten year period in review. This could

be attributed to the power crises that bedeviled the country at that time.

- ❖ The same pattern was observed from 1994 up to 1997. However, in 1998 as the country was still reeling from the Asian financial crises, the El Niño phenomenon compounded the problem, pushing up the proportion of discouraged workers from 35.4 percent in 1997 to 36.6 percent in 1999.
- ❖ The relatively "young" were more discouraged as shown by statistics in Table 2 where more than half (52.3%) of the young (15-19 years old) were unemployed. Likewise, a higher percentage of the males than females (38.3% vs. 33.8%) gave similar reason.

Almost one-third of the inactive are waiting for rehire/job recall

- ❖ The second most prevalent reason for inactive unemployment was waiting for rehire/job recall. These were workers temporarily laid off and were expecting to be rehired by their employers. Their proportion ranged from 22.3 percent (1993) to 31.5 percent (1998) in the ten-year period. (Table 1)
- ❖ The power crises in 1992 and 1993 reduced the number of expectant jobless persons. From 29.1 percent in 1992, only 22.3 percent gave this response in 1993, the lowest for the ten year period. In 1997 and 1998, the pattern was similar as the discouraged worker. As the number of discouraged workers increased, those waiting for recall also increased.
- ❖ Due to the Asian financial crises, retrenchment/temporary lay-off in the country expanded the number of those waiting for recall. Likewise, this could be also possibly due to the contractualization practices observed by many industries. From 29.2 percent in 1997, the figure grew to 31.5 percent in 1998.
- ❖ Profile of respondents in 1999 (Table 2) who gave this reason showed that a good proportion of females (34.5%) gave this reason as well as those in the ages 15-44 years (32.4% to 34.0%).

Temporary illness or disability of the persons

- ❖ About 20.0 percent of the inactive unemployed in the ten year period in review reasoned out that temporary illness or disability hindered them from actively looking for work that ranked third among the criteria. Since 1990, data for this response remained almost steady except in 1992 which at 19.2 percent was the lowest, and in 1997 at 23.3 percent, the highest for the decade. (Table 1)
- ❖ As expected, the older group (55 and over) in 1999 (Table 2) reasoned out that temporary illness or disability greatly affected their active search for work, with 58.2 percent and 68.1 percent, respectively. Fewer females were registered at 18.9 percent than males with 21.7 percent.

Awaiting result of previous application

- ❖ Response ranging from 9.5 percent to 12.0 percent (Table 1) of the inactive unemployed were awaiting results of previous application.
- ❖ Among age-groups in 1999, a greater proportion (17.4 % and 15.9 %) belonged to the 20-24 and 25-34 age groups.
- ❖ By gender, not much difference in responses can be noted (10.1% for male vs. 11.6% for female).
- ❖ Meanwhile, the proportion was higher among urban residents than their rural counterparts (12.6% vs. 8.3%). (Table 2)

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Table 1 - Percent Distribution of Inactive Unemployed Persons by Reasons For Not Looking For Work, Philippines: 1990-1999

Year	Total		Believed No Work Available	Awaiting Results of Previous Job Application	Temporary Illness/ Disability	Bad Weather	Waiting for Rehire/Job Recall
	Number (000)	%					
1990	1,573*	100.0	41.8	9.5	21.5	0.9	26.3
1991	1,807	100.0	41.3	9.6	20.5	1.3	27.2
1992	1,754	100.0	38.4	12.0	19.2	1.3	29.1
1993	1,687	100.0	43.8	12.0	20.7	1.1	22.3
1994	1,787	100.0	41.4	11.0	21.4	1.7	24.4
1995	1,909	100.0	37.3	11.4	21.2	1.0	29.0
1996	1,812	100.0	36.7	10.4	20.8	1.6	30.4
1997	1,834	100.0	35.4	10.9	23.3	1.1	29.2
1998	2,264	100.0	36.2	10.6	19.9	1.8	31.5
1999	2,182	100.0	36.6	10.7	20.6	1.2	30.8

* - Data for April 1990 was interpolated since no labor force survey was conducted at that time due to population census.
Sources of Data: National Statistics Office, Labor Force Survey; Bureau of Labor and Employment Statistics, (BLES).

Table 2 - Percent Distribution of Inactive Unemployed Persons By Reasons For Not Looking For Work, By Age Group, Sex and Area, Philippines: 1999

Age Group, Sex and Area	Total		Believed No Work Available	Awaiting Results of Previous Job Application	Temporary Illness/ Disability	Bad Weather	Waiting for Rehire/Job Recall
	Number (000)	%					
All Ages	2,182	100.0	36.6	10.7	20.6	1.2	30.8
15-19	576	100.0	52.3	6.3	7.8	0.5	33.0
20-24	482	100.0	39.2	17.4	10.2	0.8	32.4
25-34	431	100.0	34.6	15.9	14.8	1.2	33.5
35-44	262	100.0	30.2	9.2	24.4	2.3	34.0
45-54	196	100.0	24.1	6.2	43.1	2.1	24.6
55-64	142	100.0	15.6	2.8	58.2	2.1	21.3
65 and over	94	100.0	9.6	5.3	68.1	2.1	14.9
Sex	2,182	100.0	36.6	10.7	20.6	1.2	30.8
Male	1,330	100.0	38.3	10.1	21.7	1.4	28.5
Female	852	100.0	33.8	11.6	18.9	1.2	34.5
Area	2,182	100.0	36.6	10.7	20.6	1.2	30.8
Urban	1,233	100.0	37.1	12.6	18.0	1.0	31.3
Rural	948	100.0	35.8	8.3	24.0	1.7	30.1

Sources of Data: National Statistics Office, Labor Force Survey; Bureau of Labor and Employment Statistics, (BLES).