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THE 1999 EMPLOYMENT SITUATION (The Year in Review)

OVERVIEW

The country's labor market exhibited a recovery in 1999 after suffering a slump last year due to the adverse effects of the long dry spell and the Asian economic crisis on the economy. Driven by the strong growth in agriculture, employment this year posted a 3.8 percent increase from a near zero growth (0.7%) registered last year. Industry employment, however, remained on the slump in view of the continued decline in construction and slow recovery in manufacturing. In the service sector, employment growth slowed down due to the contraction in community, social and personal service, but this was offset partly by the strong turnaround in financing.



Table A
Summary Statistics on Labor Force
Philippines: 1998-1999 (Annual Average)
(In '000, except percent)

Indicator	1998	1999
Labor Force	31,056	32,081
Employment	27,911	28,980
- Underemployment	6,082	6,461
Unemployment	3,144	3,103
LFPR (%)	66.1	66.6
Employment Growth (%)	0.7	3.8
Underemployment Rate (%)	21.8	22.3
Unemployment Rate (%)	10.1	9.7

While more people found full-time employment this year, the phase of recovery was not enough to bring down unemployment rate to its pre-crisis level. Unemployment rate has declined only slightly - from 10.1 percent to 9.7 percent. In addition, underemployment rate at 22.3 percent was about unchanged from last year.

The figures cited above were derived as average of the four (4) rounds of the Labor Force Survey (LFS) conducted by the National Statistics Office during the months of January, April, July and October.

LABOR FORCE AND PARTICIPATION RATE

Overall, the country's labor force expanded by 3.3 percent to reach 32.081 million in 1999. This corresponds to labor force participation rate (LFPR) of 66.6 percent, upped by 0.5 percentage point from last year. Some 1.025 million new entrants/re-entrants joined the labor force this year. A record participation rate was noted in April when the figure rose to almost seventy percent (69.6%). (Table A)

EMPLOYMENT

Along with the economic recovery, employment level expanded this year posting a 3.8 percent growth rate – a respectable improvement from a virtually zero (0.7%) growth registered in the previous year. The highest growth figures were reported in April (6.0%) and July (4.3%).

In absolute terms, an estimated 1.069 million additional persons found employment as total employed persons increased from 27.911 million to 28.980 million over the period. This figure is comparatively higher than the employment increment achieved in 1998 (196,000) and 1997 (529,000). (Table B)

Sectoral Employment

Agriculture, Fishery and Forestry

Employment in this sector rebounded this year (6.3%) after suffering a steep decline (-3.4%) in 1998. It is noted that nearly two-thirds (64.5% or 690,000) of total new employment created this year came from this sector.

Table B
Summary Statistics on Employment
Philippines: 1998-1999 (Annual Average)
(In thousands except rates)

Year/ Month	Employment	Increment	Growth Rate (%)
1998	27,911	196	0.7
January	27,693	358	1.3
April	28,835	-270	-1.0
July	27,855	324	1.1
October	28,262	374	1.3
1999	28,980	1,069	3.8
January	28,368	675	2.4
April	29,492	1,657	6.0
July	29,055	1,200	4.3
October	29,003	741	2.6

Industry

Industry employment remained on the slump (-1.1%) due mainly to the heavy losses sustained in **construction** (-62,000) and **mining and quarrying** (-19,000). Recovery in **manufacturing** was sluggish (+1.1% or +30,000), posting a turnaround only during the July (3.6%) and October (3.4%) rounds.

Service

Growth in service employment decelerated this year (3.5% from 5.3% in 1998). The slowdown can be attributed largely to employment contraction in **community, social and personal services** which experienced a large expansion during the economic crisis last year. Dominated by large informal sector activities, employment increment in this sector plunged from 359,000 in 1998 to only 99,000 this year.

In contrast, **financing, insurance, real estate and business services**, which was hit hardest by the financial crisis in 1998, posted a complete turnaround this year (from -23.0% to +7.1%).

Hours of Work

Compared to 1998, more people found full-time employment this year. Overall, the **number of persons working full-time** (40 hours a week or more) grew by 3.5 percent (+618,000) against the 2.5 percent decline (-460,000) recorded last year. On the other hand, the number of persons in part-time employment (worked less than 40 hours a week) was down slightly from last year (from +540,000 to +496,000).

Class of Worker

Wage and salary employment grew by 3.3 percent (+456,000), upped from 1.6 percent (+215,000) last year. Similarly, growth in **own-account employment** (3.1% or +324,000) also exceeded last year's figure (1.1% or +116,000). Employment of **unpaid family workers** which went down last year (-3.4% or -134,000) was up by 7.6 percent (+288,000).

UNEMPLOYMENT

While the employment generation capacity of the economy has generally improved this year, unemployment remained high declining only slightly from the previous year level. Average data from the four (4) survey rounds of the LFS indicate a **unemployment rate** of 9.7 percent, a little change from 10.1 percent recorded in 1998. On a full year basis, the number of

unemployed persons in 1999 was estimated at 3.102 million, about unchanged from 1998.

Figures in Table C suggest the impact of the crisis is still evident during the January survey round as unemployment rate (9.0%) still exceeded the rate recorded in the previous year (8.4%). Considerable improvement occurred only during the April round when the figure fell by 1.5 percentage points from last year (13.3% to 11.8%). However, this improvement was not sustained in the succeeding two survey rounds as no substantial drop in unemployment rates occurred in the July (8.9% to 8.4%) and October (9.6% to 9.4%) figures. It should be noted that this is the second year that the October unemployment rate has deviated from the past year pattern when the figure normally decline to its lowest level.

Table C
Summary Statistics on Unemployment
Philippines: 1998 –1999 (Annual Average)

Year/ Month	Unemployed Persons (‘000)	Increment ('‘000)	Unemploy- ment Rate (%)
1998 (Ave.)	3,144	504	10.1
January	2,546	250	8.4
April	4,278	1,015	13.3
July	2,737	114	8.9
October	3,016	639	9.6
1999 (Ave.)	3,102	-42	9.7
January	2,800	254	9.0
April	3,952	-326	11.8
July	2,658	-80	8.4
October	2,997	-19	9.4

Three (3) regions recorded unemployment rates higher than the national average: NCR (16.3%), Region III (10.8%) and Region VII (10.2%).

The youth (15-24 years old) - which accounted for one-half (50.4%) of unemployed persons - posted unemployment rate of 20.8 percent, down from 21.2 percent last year. Unemployment rate was about unchanged for those in the prime working age (25-54 years old) at 6.4 percent; while the rate declined for the elderly workers (6.2% to 5.5%).

Female unemployment rate (9.9%) exceeded slightly their male counterparts (9.5%). On the other hand, rural unemployment rate declined from 7.9 percent in 1998 to 7.1 percent this year while urban unemployment rate was unchanged at 12.6 percent. (Table 3)

UNDEREMPLOYMENT

Equally less encouraging is the underemployment figure which edged up slightly to 22.3 percent from 21.8 percent recorded last year. This figure translates to some 6.461 million employed workers who indicate their desires for more gainful and productive employment. Data show that more than one-half (53.6%) of the underemployed worked an average of less than 40 hours a week during the survey period or visibly underemployed.

The incidence of underemployment was more prevalent in the rural areas where underemployment rate was placed at 25.2 percent (i.e. one out of four employed workers) and visible underemployment rate at 14.7 percent. In comparison, underemployment rate and visible underemployment rate in the urban areas were relatively lower, 18.8 percent and 8.7 percent, respectively.

FOR INQUIRIES:

Regarding this report contact **Employment and Manpower Statistics Division** at 527-3419

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TABLE 1
SUMMARY STATISTICS ON LABOR FORCE
PHILIPPINES: 1998-1999 (Annual Average)
(In thousands)

Industry	1998	1999
LABOR FORCE	31,056	32,081
EMPLOYED PERSONS	27,911	28,980
Agriculture,		
Agriculture, Fishery and Forestry	10,933	11,623
Industry		
Mining and Quarrying	119	100
Manufacturing	2,716	2,746
Electricity, Gas and Water	142	144
Construction	1,605	1,543
Services		
Wholesale and Retail Trade	4,311	4,500
Transportation, Storage and Communication	1,849	1,942
Financing, Insurance, Real Estate & Business Services	672	720
Community, Social and Personal Services	5,555	5,654
Not adequately classified	6	8
Class of Worker		
Wage and salary workers	13,676	14,132
Own-account workers	10,468	10,792
Unpaid family workers	3,768	4,056
Hours of Work		
Less than 40 hours (Part-time Employment)	9,711	10,207
40 hours and over (Full-time Employment)	17,709	18,327
Did not work	491	445

Note: Details may not add to totals due to rounding of figures.

Source: National Statistics Office.

TABLE 2
SUMMARY STATISTICS ON LABOR FORCE
PHILIPPINES: 1998-1999 (Annual Average)
(In percent)

Industry	1998	1999
LABOR FORCE PARTICIPATION RATE	66.1	66.6
Employment Rate	89.9	90.3
Hours of Work	100.0	100.0
Less than 40 hours (Part-time Employment)	34.8	35.2
40 hours and over (Full-time Employment)	63.4	63.2
Did not work	1.8	1.5
Class of Worker	100.0	100.0
Wage and salary workers	49.0	48.8
Own-account workers	37.5	37.2
Unpaid family workers	13.5	14.0
Industry	100.0	100.0
Agriculture, Fishery and Forestry	39.2	40.1
Mining and Quarrying	0.4	0.3
Manufacturing	9.7	9.5
Electricity, Gas and Water	0.5	0.5
Construction	5.8	5.3
Wholesale and Retail Trade	15.4	15.5
Transportation, Storage and Communication	6.6	6.7
Financing, Insurance, Real Estate & Bus. Svc.	2.4	2.5
Community, Social and Personal Services	19.9	19.5
Not adequately classified	a	a
Underemployment Rate	21.8	22.3
Visible Underemployment Rate	11.8	12.0

Note: Details may not add to totals due to rounding of figures.

a Less than 0.05 percent.

Source: National Statistics Office.

TABLE 3
SELECTED CHARACTERISTICS OF UNEMPLOYED PERSONS
PHILIPPINES: 1998-1999 (Annual Average)
(In thousands except rates)

Indicator	Total Unemployed Persons		LF* Participation Rate		Percent Share		Unemployment Rate	
	1998	1999	1998	1999	1998	1999	1998	1999
Sex	3,144	3,102	66.1	66.6	100.0	100.0	10.1	9.7
Men	1,875	1,899	83.3	83.1	59.6	61.2	9.7	9.5
Women	1,268	1,203	49.2	50.2	40.3	38.8	10.9	9.9
Age	3,144	3,102	66.1	66.6	100.0	100.0	10.1	9.7
15 - 24	1,574	1,563	51.8	51.9	50.1	50.4	21.2	20.8
25 - 54	1,301	1,288	77.1	77.8	41.4	41.5	6.7	6.4
55 and over	268	251	57.2	57.2	8.5	8.1	6.2	5.5
Area	3,144	3,102	66.1	66.6	100.0	100.0	10.1	9.7
Urban	1,838	1,891	64.2	64.2	58.5	61.0	12.6	12.6
Rural	1,306	1,211	68.8	68.8	41.5	39.0	7.9	7.1

Note: Details may not add up to totals due to rounding of figures.

* - Labor Force.

Source: National Statistics Office.