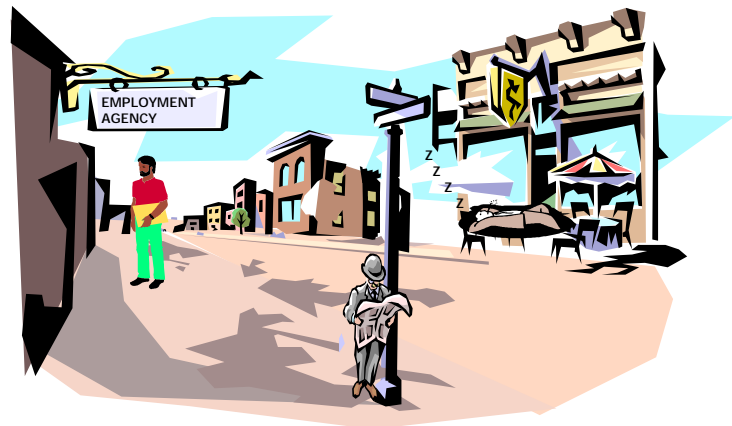


THE UNEMPLOYED: Actively and Inactively Looking for Work

OVERVIEW

*In many countries, one of the most sought after labor market indicator is **unemployment rate**. It is one of the broadest indicators of economic activity and a common measure of economic hardship. For policy makers in the government, determining the health of the economy and welfare of the people is an immediate concern. As the goal is to have as low rate as possible, unemployment rate is closely monitored. According to the ILO, "its trend is an indicator of the ability of the economy to provide work for the country's labor force under changing conditions."*



*This paper is the first issue of the series on unemployment. This issue focuses on the two types of unemployed – the **active and inactive**. Data were generated from the Labor Force Survey of the National Statistics Office (NSO). Results of the January, April, July and October rounds of the Labor Force Survey (LFS) were averaged to represent the annual data from 1990 to 1999.*

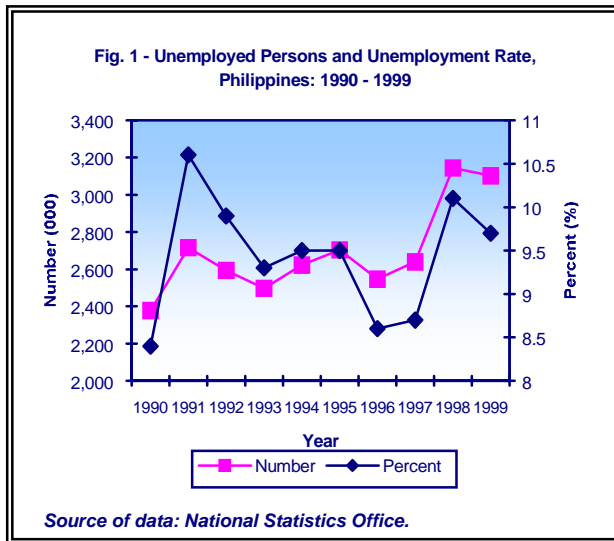
What is Unemployment?

As employment refers to the utilization of the labor supply, **unemployment** is the unutilized part of the economically active population of the country. The resolution of the 13th International Conference of Labor Statisticians (ICLS) defined **unemployed** as "all persons above a specified age who during the reference period were without work but currently **available for work** and seeking work." For **unemployment rate**, it is defined by the international standards as the proportion of the labor force without job but available and actively looking for work.

Meanwhile, the Philippines defines **unemployment** to include persons in the

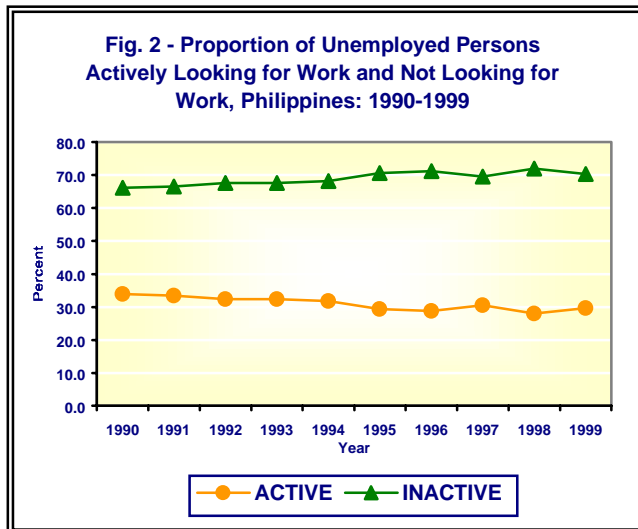
labor force who have no jobs/businesses during the reference week but are reported actively looking for work. The criterion of availability is not considered in the concept. Among Asian countries, only the Philippines has not included "availability" as a criterion for the unemployed. However, there are now moves to include "availability" in the measurement of unemployment in recognition of its appropriateness to the measurement of the economically active population. Depending on the eagerness to search for work, the unemployed is classified into actively looking for work or **active unemployed** and those not looking for work for valid reasons or the **inactive unemployed**.

The Unemployed Persons In The Past Decade



- For the past ten years, the highest recorded number of unemployed persons was in 1998 at 3.143 million. This translates to unemployment rate of 10.1 percent which could be attributed to the twin effects of the Asian financial crisis that started in 1997 and the El Niño phenomenon. (Table 1)
- In 1999, while unemployment rate edged down slightly to 9.7 percent, the number of unemployed remained at 3.102 million, the second highest number of jobless persons in the period under review. (Table 1)

Nearly Two-Thirds Of Unemployed Are Not Looking For Work



- The percent share of persons not looking for work among the unemployed has been steadily increasing while the reverse pattern was observed for the active unemployed. From 66.1 percent share in 1990, the inactive unemployed grew to as high as 72.0 percent in 1998, then slipped to 70.3 percent in 1999. (Table 1)
- The share of active unemployed in 1990 was placed at 33.9 percent (0.806 million), the highest for the ten-year period. It gradually decreased through the years reaching its lowest at 28.0 percent in 1998 but went up again in 1999 at 29.7 percent.

Both active and inactive unemployed persons are young

- More than half (57.0% in 1990 and 1994 and 55.0% in 1999) of active unemployed belonged to the younger group (15-24 age bracket) while the middle age group (25-54) accounted for more than 40.0 percent share (41.4%, 41.7% and 43.5%) for 1990, 1994 and 1999 respectively. (Table 2)
- Almost half of the inactive unemployed were also found among the young (15-24) age bracket (52.0%, 49.8% and 48.5%).

Males are predominant in both types of unemployed

- The males were predominant in both types where proportion was almost 60 percent to 40 percent for males and females, respectively. From 55.8 percent for male vs. 44.2 percent for female in 1990, the trend increased to 61.8 percent vs 38.2 percent in 1999 for the active unemployed. (Table 2)
- Correspondingly, the females recorded decrement for both the active and inactive groups; i.e., from 44.2 percent in 1990 to 38.2 percent in 1999 for active unemployed and 46.6 percent to 39.0 percent in 1990 and 1999 respectively for the inactive unemployed.
- The males accounted for more than half of the inactive unemployed 53.4% in 1990, 58.7% in 1994 and 61.0% in 1999.

Majority of actively looking for work are urban residents

- Seven out of ten active unemployed were located in urban areas. Majority of them (from 67.0% in 1990 to 71.5% in 1999) were urban residents. areas were not far behind from each other, 47.0 percent vs. 53.0 percent in 1990; 58.3 percent vs. 41.7 percent in 1994 and 56.5 percent vs. 43.5 percent in 1999.
- For the inactive unemployed, proportions between urban and rural

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Table 1 - Proportion of Unemployed Persons Actively Looking and Not Looking For Work, Philippines: 1990 - 1999
(In 000 except percent)

YEAR	Total Unemployed		Active Unemployed		Inactive Unemployed	
	Number	Percent	Number	Percent	Number	Percent
1990	2,378*	100.0	806*	33.9	1,573*	66.1
1991	2,716	100.0	909	33.5	1,807	66.5
1992	2,594	100.0	840	32.4	1,754	67.6
1993	2,497	100.0	810	32.4	1,687	67.6
1994	2,622	100.0	835	31.8	1,787	68.2
1995	2,704	100.0	795	29.4	1,909	70.6
1996	2,546	100.0	734	28.8	1,812	71.2
1997	2,640	100.0	806	30.5	1,834	69.5
1998	3,143	100.0	878	28.0	2,264	72.0
1999	3,102	100.0	920	29.7	2,182	70.3

* Data for April round in 1990 was interpolated since no labor force survey was conducted at that time due to population census.
Source of Basic Data: National Statistics Office, Labor Force Survey.

Table 2 – Unemployed by Age Group, Sex, Area and Type of Unemployed, Philippines: 1990, 1994, 1999
(In 000 except percent)

Indicator	Active						Inactive					
	1990		1994		1999		1990		1994		1999	
	No.*	%	No.	%	No.	%	No.	%	No.	%	No.	%
Age Group	806	100.0	835	100.0	920	100.0	1,573	100.0	1,787	100.0	2,182	100.0
15-24	459	57.0	476	57.0	505	55.0	818	52.0	891	49.8	1,058	48.5
25-54	333	41.4	348	41.7	399	43.5	582	37.0	690	38.6	889	40.7
55 & Over	14	1.7	11	1.3	14	1.5	173	11.0	207	11.6	236	10.8
Sex	806	100.0	835	100.0	920	100.0	1,573	100.0	1,787	100.0	2,182	100.0
Male	450	55.8	493	59.1	569	61.8	840	53.4	1,049	58.7	1,330	61.0
Female	357	44.2	341	40.9	351	38.2	732	46.6	739	41.3	852	39.0
Area	806	100.0	835	100.0	920	100.0	1,573	100.0	1,787	100.0	2,182	100.0
Urban	540	67.0	636	76.2	658	71.5	740	47.0	1,041	58.3	1,233	56.5
Rural	266	33.0	199	23.8	262	28.5	832	53.0	746	41.7	949	43.5

* Data for April round in 1990 was interpolated since no labor force survey was conducted at that time due to population census.
Note: Details may not add up to totals due to rounding.
Source of Basic Data: National Statistics Office, Labor Force Survey.