



THE 2004 EMPLOYMENT SITUATION (THE YEAR IN REVIEW)

Overview

The Philippine labor market performed much better in 2004 following a sluggish performance a year earlier. Employment growth occurred in all three broad sectors with services leading the way (4.5%) and the industry sector sustaining its growth (3.3%) last year. Meanwhile, the combined agriculture, fishery and forestry sector recorded positive though minimal growth rate (1.4%).

The quality of employment improved as indicated by the rise in full-time employment (2.8%) and wage and salary employment (7.3%). It is noteworthy that both unemployment rate (11.8%) and underemployment rate (17.6%) were of little change from the preceding year despite the continued rise in the country's working age population.

Unless indicated, the 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.

Working-Age Population and Labor Force

For 2004, the country's working-age population (persons 15 years old and over) on the average grew by 2.6 percent (+1.349 million) to reach 53.142 million. The size of labor force also expanded but at a much faster pace – increasing by 3.7 percent (+1.289 million) to reach 35.860 million. This upward trend is reflected by the rise in the labor force participation rate (LFPR) to 67.5 percent from 66.7 percent. Increases in LFPR were most notable among the youth 15 to 24 years of age (50.9% to 52.2%) and among men (82.2% to 83.9%) as shown in Table 2.

**TABLE 1 - KEY EMPLOYMENT INDICATORS
2003-2004 (Annual Average)**
(In thousands, except rates)

Indicator	2004 ^p	2003	2003-2004 Change
Pop'n 15 Years Old and Over	53,142	51,793	1,349
Labor Force	35,860	34,571	1,289
Employed Persons	31,611	30,635	976
Unemployed Persons	4,249	3,936	313
Underemployed Persons	5,573	5,221	352
LFPR (%)	67.5	66.7	XXXX
Employment Growth Rate (%)	3.2	1.9	XXXX
Unemployment Rate (%)	11.8	11.4	XXXX
Underemployment Rate (%)	17.6	17.0	XXXX

^p Preliminary.

Source: National Statistics Office, Labor Force Survey.

**TABLE 2 - SUMMARY STATISTICS ON LABOR FORCE,
PHILIPPINES: 2003-2004 (Annual Average)**

(In thousands except rates)

Indicator	Total Household Population 15 Yrs. Old and Over		Labor Force Participation Rate (%)		Labor Force		Change in LF	
	2004 ^p	2003	2004	2003	2004 ^p	2003	Number	Growth Rate (%)
Sex	53,142	51,793	67.5	66.7	35,860	34,571	1,289	3.7
Men	26,464	25,799	83.9	82.2	22,199	21,216	983	4.6
Women	26,679	25,994	51.2	51.4	13,661	13,354	307	2.3
Age Group	53,142	51,793	67.5	66.7	35,860	34,571	1,289	3.7
15-24 years old	16,088	15,738	52.2	50.9	8,393	8,015	378	4.7
25-54 years old	29,128	27,705	78.4	78.5	22,829	21,757	1,072	4.9
55 years old and over	7,922	8,344	58.5	57.5	4,635	4,798	-163	-3.4
Not Reported	5	6	60.0	33.3	3	2	1	0.5
Region	53,142	51,793	67.5	66.7	35,860	34,571	1,289	3.7
NCR	7,565	7,470	65.6	64.8	4,959	4,844	115	2.4
CAR	973	943	69.9	67.9	680	640	40	6.3
Region I	2,870	2,804	65.2	63.9	1,870	1,793	77	4.3
Region II	2,129	1,879	69.9	70.9	1,488	1,332	156	11.7
Region III	5,548	5,416	64.3	64.2	3,569	3,477	92	2.6
Region IV-A	6,444	6,279	66.3	65.7	4,273	4,125	148	3.6
Region IV-B	1,459	1,436	71.8	70.8	1,047	1,017	30	2.9
Region V	3,026	2,988	69.7	67.8	2,109	2,026	83	4.1
Region VI	4,379	4,263	68.5	67.7	3,001	2,888	113	3.9
Region VII	3,852	3,795	66.3	64.3	2,552	2,441	111	4.5
Region VIII	2,453	2,384	72.6	72.4	1,781	1,726	55	3.2
Region IX	1,947	1,989	66.5	64.1	1,294	1,275	19	1.5
Region X	2,480	2,390	75.1	75.2	1,863	1,798	65	3.6
Region XI	2,570	2,493	69.5	68.4	1,785	1,706	79	4.6
Region XII	2,286	2,190	69.2	69.5	1,583	1,521	62	4.1
ARMM	1,680	1,625	58.2	57.8	978	939	39	4.2
Caraga	1,478	1,450	69.1	70.6	1,030	1,024	6	0.6

Notes: 1. Details may not add up to totals due to rounding of figures.

2. Estimates based on the revised population benchmark using the 1995 Census of Population results.

p Preliminary.

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

Employment

Employment growth accelerated during the first three quarters of the year but fell sharply in the fourth quarter. Specifically, employment level rose by more than a million in January (1.428 million), April (1.115 million) and July (1.181 million) survey rounds then declined abruptly in the final quarter increasing by just 180,000. This trend is a complete reversal in 2003 when employment peaked during the fourth quarter as shown in Table 3.

Overall, employment growth for the year was still higher at 3.2 percent (976,000) compared to only 1.9 percent (574,000) recorded in 2003.

- The services sector continued to provide the main source of employment as it grew by 4.5 percent (659,000) over the period. Leading gainers were wholesale and retail trade (271,000), transport, storage and communications (116,000) and private households with employed persons (88,000). The services sector estimated at 15.236 million also comprised the biggest share (48.2%) to total employment.
- The industry sector managed to match its growth record of the preceding year as it grew by 3.3 percent (159,000). The bulk of the increase occurred in manufacturing (120,000) with other sub-sectors posting small

**TABLE 3 - TOTAL EMPLOYED PERSONS
PHILIPPINES: 2003-2004**

(In thousands except rates)

Year/Survey Round	Total Employed Persons	Year-on-Year Increment	Year-on-Year Change
2003 (Ave.)	30,635	574	1.9
January	30,119	414	1.4
April	30,418	232	0.8
July	30,451	347	1.2
October	31,553	1,302	4.3
2004 (Ave.)^p	31,611	976	3.2
January	31,547	1,428	4.7
April	31,533	1,115	3.7
July	31,632	1,181	3.9
October	31,733	180	0.6

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

increases. Collectively, the industry sector accounted for 15.8 percent of total employment or 4.999 million.

- Employment growth in the combined agriculture, fishery and forestry sector remained weak at 1.4 percent (158,000) although this is an improvement from previous year's growth of less than one percent (0.8% or 81,000). Estimated at 11.377 million, the sector's share to total employment has gone down to 36.0 percent.
- Another bright spot to 2004's performance was the respectable increase in the number of persons who found full-time work (2.8% or 522,000) and wage and salary employment (7.3% or 1.118 million).

**TABLE 4 - SUMMARY STATISTICS ON EMPLOYMENT,
PHILIPPINES: 2003-2004 (Annual Average)**

(In thousands except rates)

Indicator	2004 ^p	2003	Increment	Growth Rate (%)
EMPLOYED PERSONS	31,611	30,635	976	3.2
SECTOR				
Agriculture, Fishery and Forestry	11,377	11,219	158	1.4
Industry	4,999	4,840	159	3.3
Mining and Quarrying	118	104	14	13.2
Manufacturing	3,061	2,941	120	4.1
Electricity, Gas and Water	120	112	8	6.7
Construction	1,701	1,683	18	1.0
Services	15,236	14,577	659	4.5
Wholesale and Retail Trade	5,872	5,601	271	4.8
Hotels and Restaurants	806	750	56	7.5
Transport, Storage & Communication	2,426	2,310	116	5.0
Financial Intermediation	328	303	25	8.3
Real Estate, Renting & Business Activities	690	639	51	8.0
Public Administration & Defense, Compulsory Social Security	1,491	1,415	76	5.4
Education	939	926	13	1.3
Health and Social Work	360	371	-11	-2.9
Other Community, Social & Personal Services	835	861	-26	-3.0
Private Households with Employed Persons	1,487	1,399	88	6.3
Extra-Territorial Organizations	1	2	-1	-37.5
CLASS OF WORKER				
Wage and Salary Workers	16,472	15,354	1,118	7.3
Own-Account Workers	11,613	11,517	96	0.8
Unpaid Family Workers	3,526	3,765	-239	-6.4
HOURS OF WORK				
Less than 40 Hours (Part-Time Employment)	11,610	11,311	299	2.6
40 Hours and Over (Full-Time Employment)	19,367	18,845	522	2.8
Did Not Work	633	479	154	32.2
REGION				
NCR	4,063	4,008	55	1.4
CAR	618	583	35	6.0
Region I	1,631	1,587	44	2.8
Region II	1,360	1,248	112	9.0
Region III	3,098	3,055	43	1.4
Region IV-A	3,665	3,551	114	3.2
Region IV-B	946	925	21	2.3
Region V	1,928	1,855	73	3.9
Region VI	2,709	2,596	113	4.4
Region VII	2,218	2,126	92	4.3
Region VIII	1,607	1,570	37	2.4
Region IX	1,202	1,177	25	2.1
Region X	1,719	1,657	62	3.7
Region XI	1,606	1,539	67	4.4
Region XII	1,413	1,367	46	3.4
ARMM	907	879	28	3.2
Caraga	922	914	8	0.9

Notes: 1. Details may not add up to totals due to rounding of figures.

2. Estimates based on the revised population benchmark using the 1995 Census of Population results.

p Preliminary.

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

- Growth in employment was observed in all regions led by Regions IV-A (114,000), VI (113,000) and II (112,000). Notable gains were also reported in the following regions: VII (92,000), V (73,000) (XI (67,000) and X (62,000).

Unemployment

While employment generation has improved compared to the previous year, this was not enough to match the expansion in labor supply. As noted earlier, growth in labor force (3.7% or 1.289 million) exceeded the growth in employment (3.2% or 976,000). For this reason, unemployment went up slightly both in terms of rate (from 11.4% to 11.8%) and in level (3.932 million to 4.249 million). It should be noted that this is the fifth consecutive years that unemployment rate has stayed at a little over 11.0 percent.

- The highest unemployment rate was recorded during the summer month of April (13.7%) and lowest in October (10.9%).
- Unemployment rate rose for both men (11.0% to 11.5%) and women (11.9% to 12.4%).
- Nearly half (47.2% or 2.008 million) of the unemployed were young workers aged 15 to 24 years old. Youth unemployment

rate was placed at 23.9 percent or twice the national average.

- A large proportion of the unemployed were college educated (34.0% or 1.444 million) and high school graduates (28.0% or 1.191 million).
- Higher unemployment rate relative to previous year was observed in Regions I (11.5% to 12.8%), II (6.3% to 8.6%) and III (12.1% to 13.2%). On the other hand, unemployment rate fell slightly in Regions VI (10.1% to 9.7%), IX (7.8% to 7.1%) and Caraga (10.7% to 10.4%). The rates for other regions were unchanged or of little change as shown in Table 6.

**TABLE 5 - TOTAL UNEMPLOYED PERSONS
PHILIPPINES: 2003-2004**

(in thousands except rates)

Year/Survey Round	Total Unemployed Persons	Unemployment Rate (%)
2003 (Ave.)	3,932	11.4
January	3,559	10.6
April	4,217	12.2
July	4,399	12.6
October	3,567	10.2
2004 (Ave.)^p	4,249	11.8
January	3,900	11.0
April	5,002	13.7
July	4,206	11.7
October	3,886	10.9

^p Preliminary.

Source: National Statistics Office, Labor Force Survey.

**TABLE 6 - SUMMARY STATISTICS ON UNEMPLOYMENT,
PHILIPPINES: 2003-2004 (Annual Average)**

(In thousands except percent and rates)

Indicator	Total Unemployed Persons		Percent Share (%)		Unemployment Rate (%)	
	2004 ^p	2003	2004 ^p	2003	2004 ^p	2003
Sex	4,249	3,936	100.0	100.0	11.8	11.4
Men	2,558	2,343	60.2	59.5	11.5	11.0
Women	1,691	1,592	39.8	40.4	12.4	11.9
Age Group	4,249	3,936	100.0	100.0	11.8	11.4
15-24 years old	2,008	1,861	47.2	47.3	23.9	23.2
25-54 years old	1,861	1,732	43.8	44.0	8.1	8.0
55 years old and over	380	343	8.9	8.7	8.2	7.1
Highest Grade Completed	4,249	3,936	100.0	100.0	NA	NA
No grade completed	100	78	2.4	2.0	NA	NA
Elementary	879	824	20.7	20.9	NA	NA
- graduated	462	437	10.9	11.1	NA	NA
High School	1,826	1,660	43.0	42.2	NA	NA
- graduated	1,191	1,072	28.0	27.2	NA	NA
College	1,444	1,373	34.0	34.9	NA	NA
- graduated	705	664	16.6	16.9	NA	NA
Region	4,249	3,936	100.0	100.0	11.8	11.4
NCR	896	837	21.1	21.3	18.1	17.3
CAR	62	57	1.5	1.4	9.1	8.9
Region I	239	206	5.6	5.2	12.8	11.5
Region II	128	84	3.0	2.1	8.6	6.3
Region III	471	422	11.1	10.7	13.2	12.1
Region IV-A	608	574	14.3	14.6	14.2	13.9
Region IV-B	102	92	2.4	2.3	9.7	9.1
Region V	180	171	4.2	4.3	8.5	8.4
Region VI	292	293	6.9	7.4	9.7	10.1
Region VII	334	315	7.9	8.0	13.1	12.9
Region VIII	173	155	4.1	3.9	9.7	9.0
Region IX	92	99	2.2	2.5	7.1	7.8
Region X	145	141	3.4	3.6	7.8	7.8
Region XI	179	167	4.2	4.2	10.0	9.8
Region XII	170	154	4.0	3.9	10.7	10.1
ARMM	71	60	1.7	1.5	7.3	6.4
Caraga	107	110	2.5	2.8	10.4	10.7

Notes: 1. Details may not add up to totals due to rounding of figures.

2. Estimates based on the revised population benchmark using the 1995 Census of Population results.

^p Preliminary.

NA – data not available.

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

Underemployment

The total number of underemployed persons or employed persons wanting more work or hours of work was estimated at 5.573 million in 2004, up by 352,000 from a year ago. Of this number, some 3.4 million were considered as visibly underemployed (worked less than 40 hours a week). Expressed as a ratio to total employed persons, underemployment rate was pegged at 17.6 percent and visible underemployment rate at 10.8 percent.

Year/Survey Round	Under-employed Person	Under-employment Rate (%)	Visibly Under-employed Person	Visible Under-employment Rate (%)
2003 (Ave.)	5,221	17.0	3,229	10.5
January	4,849	16.1	3,251	10.8
April	4,733	15.6	3,190	10.5
July	6,314	20.7	3,397	11.2
October	4,989	15.8	3,076	9.7
2004 (Ave.)^p	5,573	17.6	3,400	10.8
January	5,522	17.5	3,282	10.4
April	5,839	18.5	3,602	11.4
July	5,573	17.6	3,357	10.6
October	5,357	16.9	3,361	10.6

^p Preliminary.
Source: National Statistics Office, Labor Force Survey.

Advisory

The concepts, definitions and measurements used in the Philippine Labor Force Survey are based largely on the guidelines and standards formulated by the International Labor Organization (ILO) as contained in **Resolutions Concerning Statistics of the Economically Active Population, Employment, Unemployment and Underemployment. 13th International Conference of Labor Statisticians (October 1982)**. This is true for all indicators (such as the working age population, employment and underemployment) except for unemployment.

To make the Philippine statistics on unemployment comparable with the rest of the world, the National Statistics Office (NSO) will adopt starting with the April 2005 as official statistics on unemployment the international standard definition which measures unemployment based on three criteria: (1) a person must have no job/business; (2) he must be seeking/looking for work; and (3) must be available for work.

Note that the Philippine definition considers only the first two criteria. The adoption of the international standard definition will most likely reduce unemployment rate from three to four percentage points based on simulation made by NSO using the current data series.

FOR INQUIRIES:

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