



THE 1998 EMPLOYMENT SITUATION IN REVIEW

OVERVIEW

The Philippine labor market suffered a slump in 1998 due to the twin effects of the prolonged dry spell and the Asian financial crisis on the local economy, particularly the agriculture, construction, manufacturing and financial sectors.

For the year under review, total employment registered a near zero growth rate (0.7%) while unemployment rate edged up to two-digit level (10.1%). These figures 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 grew** 2.3 percent to reach 31.056 million in 1998. This represents an average of 702,000 **new entrants/re-entrants** to the labor force for the four survey rounds. The corresponding **labor force participation rate (LFPR)** was placed at 66.1 percent, almost unchanged from

previous year. The highest participation rate (68.6%) was in April when part of vacationing students looked for summer jobs.

EMPLOYMENT

Overall Trend

Employment growth rate was virtually flat (0.7%) in 1998. Table A indicates that for all survey rounds of the LFS, employment **growth rates** were posted at a little over one percent (1.2% to 1.4%) with the exception in April when the figure actually declined (-1.0%).

Translated in absolute terms, **total employed persons** for 1998 stood at 27.911 million, an increment of only 196,000 from the figure recorded a year ago. It can be observed that since 1997 employment increment has been on a declining trend. Data showed that from a robust 1.510 million increment recorded in 1996, the figure went down to 529,000 in 1997.

Table A
SUMMARY STATISTICS ON EMPLOYMENT
PHILIPPINES: 1996-1998

Year	Employment (‘000)	Increment (‘000)	Growth Rate
1996 (Average)	27,186	1,510	5.9
January	26,527	1,333	5.3
April	27,358	1,634	6.3
July	27,419	1,329	5.1
October	27,442	1,744	6.8
1997 (Average)	27,715	529	1.9
January	27,335	808	3.0
April	28,105	747	2.7
July	27,531	112	0.4
October	27,888	446	1.6
1998 (Average)	27,911	196	0.7
January	27,689	354	1.3
April	27,837	-268	-1.0
July	27,856	325	1.2
October	28,262	374	1.4

Sectoral Employment

Agriculture, Fishery and Forestry

For two consecutive years, employment in the **agriculture, fishery and forestry sector** suffered severe slump as a result of the lingering dry season. From a negative 2.8 percent (-326,000) recorded in 1997, employment in this sector contracted again by another 3.4 percent (-386,000) to 10.933 million in 1998. As a consequence, the share of agriculture, fishery and forestry sector to total employment slipped to 39.2 percent, a full 4.0 percentage points drop from 1996 figure.

Industry

The employment impact of the Asian financial crisis that began in July 1997 was felt fully this year with the industry sector bearing the brunt of the crisis. After posting a respectable 4.5 percent growth (+199,000) in 1997, **industry employment** fell 1.0 percent (-47,000) to 4.582 million. Hardest hit was the construction sector with number of employed persons down 1.9 percent (-31,000). Employment levels also declined in **manufacturing** (-16,000) and **mining and quarrying** (-10,000) but went up slightly in **electricity, gas and water** (+10,000).

Service

As expected in times of economic crisis, **service sector employment** expanded 5.3 percent (+624,000) this year, absorbing the thousands of workers displaced from agriculture and industry. Specifically, strong employment growth rates were achieved in **community, social and personal services** (+359,000) and **wholesale and retail trade** (+173,000), two sectors dominated by large informal sector activities. The **transportation, storage and communication** sector also managed to grow this year (+108,000). About the only sector in this group that was affected by the financial crisis was **financing, insurance, real estate and business services** (-16,000).

Hours of Work

The decline in full-time employment and the corresponding expansion in part-time employment underscore the weakness of the labor market. Overall, the **number of persons working full-time** (40 hours a week or more) fell 2.5 percent (-460,000) while the number of persons in **part-time employment** (worked less than 40 hours a week) was up 5.9 percent (+540,000). This is in sharp contrast to the previous year data when full-time employment rose 6.7 percent (+1.147 million) while part-time employment was down 6.9 percent (-684,000).

Class of Worker

Wage and salary employment, another indicator of labor market

performance, also exhibited a slowdown in 1998. From 6.4 percent (+812,000) growth recorded a year ago, wage and salary employment grew only 1.6 percent (+215,000). **Own-account employment** was up slightly 1.1 percent (+116,000) while employment of **unpaid family workers** followed 1997's declining trend falling 3.4 percent (-134,000).

Region

Despite the crisis, seven (7) regions managed to post modest employment gains, namely: NCR (+66,000), Region III (+66,000), Region IV (+61,000), Region V (+12,000), Region VI (+16,000), Region X (+25,000) and ARMM (+13,000). In contrast, employment losses were recorded in five (5) regions: Region I (-23,000), Region II (-14,000), Region VIII (-10,000), Region IX (-6,000) and Region XI (-26,000). Employment levels in other regions were about the same from preceding year.

UNEMPLOYMENT

Reflective of the depressed state of the labor market, the national unemployment rate topped the two-digit level, the first time for many years. Average data from the four (4) survey rounds of the LFS revealed a full-year **unemployment rate** of 10.1 percent. The rate could have been higher if this year's LFPR (66.1%) exceeded the year ago level (66.4%).

Compared to 1997, unemployment rate rose sharply during April (10.4% to 13.3%) and October

(7.9% to 9.6%). In absolute terms, unemployment levels increased in all survey rounds as follows: January (+250,000), April (+1.015 million), July (+114,000) and October (+639,000). On a full year basis, some 504,000 persons on the average were added to the ranks of the unemployed bringing the **total unemployed persons** to 3.144 million in 1998.

Five (5) regions recorded unemployment rate higher than the national average: NCR (16.0%), Region III (10.4%), Region VI (10.2%), Region VII (11.7%) and Caraga (10.7%).

The effect of the crisis cuts across all age groups but was observed to be most pronounced among the **youth (15 to 24 years old)** which posted a 21.2 percent unemployment rate, up by 3.1 percentage points from 1997 figures.

Distributed by sex, both male and female workforce were equally affected. For the period under review, **male unemployment rate** was up 1.6 percentage point (8.1% to 9.7%) and **female unemployment rate** by 1.1 percentage point (9.8% to 10.9%).

Table B
SUMMARY STATISTICS ON UNEMPLOYMENT, PHILIPPINES: 1997-1998

Year	Total Unemployed Person ('000)	Increment ('000)	Unemployment Rate
1997 (Average)	2,640	94	8.7
January	2,296	-101	7.7
April	3,263	-92	10.4
July	2,623	385	8.7
October	2,377	182	7.9
1998 (Average)	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

UNDEREMPLOYMENT

The **underemployment rate** was placed at 21.8 percent, down slightly (-0.3%) from a year earlier. This translates to 6.082 million **total underemployed persons**.

Of the total underemployed, 54.4 percent or 3.306 million worked less than 40 hours a week or **visibly underemployed**. This figure was slightly higher compared to the level recorded in 1997 at 3.031 million.

FOR INQUIRIES:

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TABLE 1.0
SUMMARY STATISTICS ON LABOR FORCE
PHILIPPINES: 1997-1998 (Annual Average)
(In thousands except rates)

Indicator	1997	1998
LABOR FORCE	30,355	31,056
Employed Persons	27,715	27,911
<i>Hours of Work</i>		
Less than 40 hours (Part-time Employment)	9,171	9,711
40 hours and over (Full-time Employment)	18,169	17,709
Did not work	375	491
<i>Class of Worker</i>		
Wage and salary workers	13,461	13,676
Own-account workers	10,352	10,468
Unpaid family workers	3,902	3,768
<i>Industry</i>		
Agriculture, Fishery & Forestry	11,319	10,933
Mining and Quarrying	129	119
Manufacturing	2,732	2,716
Electricity, Gas and Water	132	142
Construction	1,636	1,605
Wholesale and Retail Trade	4,138	4,311
Transportation, Storage and Comm.	1,741	1,849
Financing, Insurance, R. Estate & Bus. Svc.	688	672
Community, Social & Personal Services	5,196	5,555
Not adequately classified	6	6
Underemployed Persons	6,122	6,082

Note: Details may not add up to totals due to rounding of figures.
Source: National Statistics Office

TABLE 2.0
SUMMARY STATISTICS ON LABOR FORCE
PHILIPPINES: 1997-1998 (Annual Average)
(In percent)

Indicator	1997	1998
LABOR FORCE PARTICIPATION RATE	66.4	66.1
Employment Rate	91.3	89.9
<i>Hours of Work</i>	100.0	100.0
Less than 40 hours (Part-time Employment)	33.1	34.8
40 hours and over (Full-time Employment)	65.6	63.4
Did not work	1.4	1.8
<i>Class of Worker</i>	100.0	100.0
Wage and salary workers	48.6	49.0
Own-account workers	37.4	37.5
Unpaid family workers	14.1	13.5
<i>Industry</i>	100.0	100.0
Agriculture, Fishery & Forestry	40.8	39.2
Mining and Quarrying	0.5	0.4
Manufacturing	9.9	9.7
Electricity, Gas and Water	0.5	0.5
Construction	5.9	5.8
Wholesale and Retail Trade	14.9	15.4
Transportation, Storage and Communication	6.3	6.6
Financing, Insurance, R. Estate & Bus. Svc.	2.5	2.4
Community, Social & Personal Services	18.7	19.9
Not adequately classified	a/	a/
Underemployment Persons Rate	22.1	21.8
Visible Underemployment Rate	10.9	11.8

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

a/ Less than 0.05 percent.

Source: National Statistics Office.

TABLE 3.0
SELECTED CHARACTERISTICS OF UNEMPLOYED PERSONS
PHILIPPINES: 1997-1998 (Annual Average)
(In thousands except rates)

Indicator	Total Unemployed Persons		LF Participation Rate		Percent Share		Unemployment Rate	
	1997	1998	1997	1998	1997	1998	1997	1998
Sex	2,640	3,144	66.3	66.1	100.0	100.0	8.7	10.1
Men	1,530	1,875	83.5	83.3	58.0	59.6	8.1	9.7
Women	1,110	1,268	49.3	49.2	42.0	40.3	9.8	10.9
Age	2,640	3,144	66.3	66.1	100.0	100.0	8.7	10.1
15 -24	1,340	1,574	52.2	51.8	50.8	50.1	18.1	21.2
25 -54	1,079	1,301	77.1	77.1	40.9	41.4	5.7	6.7
55 and over	220	268	57.2	57.2	8.3	8.5	5.4	6.2
Area	2,640	3,144	0.0	66.1	100.0	100.0	8.7	10.1
Urban	1,569	1,838	63.7	63.9	59.4	58.5	11.1	12.6
Rural	1,077	1,306	68.8	68.2	40.8	41.5	6.6	7.09

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

LF -Labor Force

Source: National Statistics Office.