

# DevPulse

NEDA Development Advocacy Factsheet

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Despite global economic challenges:

## Employment numbers improve

**T**he Philippines managed to create more than a million new employment despite rising inflation and slowing growth, the National Statistics Office (NSO) reported based on results of the July Labor Force Survey.

The employment level grew by 3.8 percent year-on-year in July, outpacing the 3.3 percent growth in labor force in the same period. This translates to 1.3 million net employment generation, which is more than three times the 392,000 employment generated last year and is slightly above the 1.2 million new entrants to the labor force. As a result, the unemployment rate improved to 7.4 percent from 7.8 percent in the same period last year.

The report also showed that employment rates in National Capital Region, Central Luzon and Calabarzon were lower compared with other regions at 87.2 percent, 90.6 percent and 89.6 percent, respectively.

### How the sectors fared

The agriculture, fishery and forestry sector led the pack after growing 5.3 percent or a net employment of 609,000. Services was not that far behind, growing 4.4 percent and contributing 730,000. Most of the new employment in services came from wholesale and retail (243,000), public administration, defense and social security

(196,000), real estate (127,000) and private households (112,000).

In contrast, employment in industry decreased by 60,000 party due to high inflation and weak external demand as a result of the global economic slowdown. Manufacturing, in particular, lost 109,000 workers, wiping out gains in mining, utilities and construction.

### Underemployment rate also improved

The underemployment rate or those already working but still wanted to work more, also fell 21 percent from the 22 percent recorded last year. This is also lower than the 23.4 percent reported in 2006.

Most of the underemployed were found in the agriculture sector at 46.9 percent, followed by services at 38.2 percent and industry at 14.9 percent.

### Broad-based growth

Secretary of Socioeconomic Planning Ralph G. Recto noted that employment growth was observed among all classes of workers. “While employment generally became more remunerative and stable, the greatest increase of 9.3 percent in employment by class of workers was recorded by unpaid family workers. The wage and salary

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employment only improved by 3.3 percent, partly due to job losses from the manufacturing sector. Meanwhile, the 2.9 percent increase in self-employed workers mostly came from agriculture, hunting and forestry as well as wholesale and retail trade,” he said.

In addition, Recto also observed that the number of working hours edged up for both full time and part time workers, growing 5.7 percent and 2.4 percent respectively. The survey showed that workers, on average, rendered 42.5 hours a week in July.

### **Services sector has lion’s share of workers**

The NSO found that more than half (50.2%) of the 34.6 million total employed workers were part of the services sector, with those engaged in wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods comprising the largest subsector at 38.1 percent of total services workers. The agriculture sector was a distant second with 35 percent of total employed. Its largest subsector was agriculture, hunting and forestry with an 88.4 percent share in the sector.

Among occupation groups, laborers and unskilled workers comprised the largest with a 32.4 percent share while farmers, forestry workers and fishermen came in second with 17.7 percent of total workforce.

The survey also showed that 52.8 percent were wage and salary workers, 35.3 percent were own account workers, and 11.8 percent were unpaid family workers. Among wage and salary workers, those working for private establishments were the largest group with a 39.0 percent share of total employed. Government workers comprised only 8.1 percent total, while 5.4 percent worked in private households. Meanwhile, the self-employed comprised the majority of own account workers with a 31.1 percent share of total employed.

### **Room to improve**

Results of the July round of the Labor Force Survey may be welcome news in light of the numerous challenges facing the local and global economy, but Recto, who is also Director-General of the National Economic and Development Authority, believes that there is still a lot of room for improvement.

“Although the economy was able to improve its employment performance despite the rising oil and food prices, the government should aggressively implement its programs to generate employment in order to achieve its target of at least 1 million employment generated per year,” he said.

In addition, Recto said that government must address the lackluster performance of the manufacturing sector, which kept losing jobs despite posting good numbers in the National Income Accounts. “While output growth in the sector could also be partly explained by higher investments in durable equipment, this also reflects the need for the government to revisit the sector and formulate policies that will help improve employment generation, without compromising efficiency and productivity in the sector,” he noted.

The NEDA chief also encouraged government to focus not just on improving employment numbers, but on creating quality jobs as well. He said “government should also pay attention to the quality of employment considering that the faster growth of unpaid family workers would adversely affect the general welfare. This could be addressed by strengthening the implementation of government policies that encourage the generation of more stable and better paying employment opportunities.”

According to the Medium-Term Philippine Development Plan, government’s labor policies are guided by the principles of providing “decent and productive employment.” It seeks to create at least one million jobs a year and reduce the unemployment rate from its 2004 level.