



Positive developments in construction provided an extra lift for the labor market.



## Employment rate rises slightly despite slowdown in agri sector

The growth of the business process outsourcing (BPO) and the construction industries, coupled with the continued low inflation environment, more workers have been employed as of July 2007 despite a prolonged drought that affected employment in the farms, according to the National Census Office (NSO).

The expansion of the labor market, though slight, was also influenced by the slow clamor for higher wages and the improved performance of the trade and services sectors (transport, storage and communications). Moreover, prospects for growth in other industries, including tourism and mining are looking good.

According to Census Administrator Carmelita N. Ericta, the number of employed persons in July 2007 was estimated at 33.3 million, which raised the employment rate to 92.2 percent from 91.9 percent last year. The hike in employment is significant in the light of the poor performance of the agricultural sector, which is the country's biggest source of jobs.

The prolonged dry spell during the first half of the year adversely affected farm jobs thereby posting a loss of 227,000 in net employment.

NEDA Acting Director General Augusto B. Santos reported that despite the setback in agriculture,

other sectors have performed quite well, thereby pulling employment figures by 1.0 percent over the previous year. Leading the pack was the services sector which contributed 443,000 jobs, with the industry sector second, with 192,000.

The five regions with the highest employment rates were Cagayan Valley (96.2%), Zamboanga Peninsula (96.1%), SOCCSKSARGEN (95.9%), Autonomous Region in Muslim Mindanao (95.7%),

Key employment-generating subsectors	
Major Industry Group	Employment Generated ('000)
Transport, storage and communication	177.3
Construction	149.4
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	56.7
Real estate, renting and business activities	47.0
Public administration and defense, compulsory social security	32.0
Electricity, gas and water	27.3
Hotels and restaurants	26.8
Financial Intermediation	22.2
Mining and quarrying	8.0
Manufacturing	6.6
Other community, social and personal service activities	3.3
Extra-territorial organizations and bodies	1.4

**Employment improved in almost all key employment sectors.**

and MIMAROPA (95.6%). At the lower end of the employment list, surprisingly, were the National Capital Region (87.0%) and Central Luzon (88.5%).

### Unemployment and Quality of Work

Despite the improvement in employment figures, there is still a significant number of unemployed and underemployed Filipinos. Moreover, employment quality in terms of growth remunerative and stable work is slowing down, according to NEDA.

The unemployment rate decreased from 8.1 percent or 2.9 million people in July 2006 to 7.8 percent or 2.8 million people in July 2007 partly due to the larger number of entrants to the labor force.

Similarly, underemployment slightly decreased from 23.4 percent or 7.7 million workers during the previous year to 22 percent or 7.3 million workers in July 2007. Of this number, 3.7 million were working less than 40 hours a week and wanted more work.

Wage and Salary workers, which now comprise 53.1 percent of the total workers, only increased by 296,000 or 1.7 percent in July 2007 compared to the previous year. Own account workers went up by 1.4 percent totaling 11.9 million, while unpaid family work was down 1.2 percent or 3.7 million workers.

### Addressing Employment Problems

In the light of the employment situation, which may take a negative turn unless properly addressed, Acting DG Santos suggested that the government should encourage further utilization of production capacity and provide incentives to export-related firms especially guarding those in the so-called “niche markets.”

In the medium to the long run, educational reforms have been strongly recommended to bridge the supply-side and demand-side of labor, particularly the mismatch of skills produced by the educational system and the actual labor skills needed by industries.

To bridge this gap, Acting DG Santos advocated continuing education reforms to produce educated and skilled workers, including the ladderized programs of the Commission on Higher Education



Agriculture, the biggest employer, suffered from the dry spell.

which accredits skills learned outside the educational system into degree-related units. This enables workers to be able to earn a college degree by integrating their skills and expertise with academic courses.

Because the country has a large young population, it should draw up employment programs for the large youth unemployment, while safeguarding employment for the household heads, the NEDA Chief said. Reintroducing vocational education even in high school, could be worth looking into, he added.

To tackle the issue of the “quality” of employment in terms of hours worked and type of work, Acting DG Santos suggests that attractive non-wage benefits and good working environment drawn up by labor-management councils (LMCs) be encouraged. According to him, this may possibly reduce the frequent movement of workers to other sectors which may lead to underemployment.

Acting DG Santos also stressed that agricultural employment needs to be accompanied by increased productivity so that it may not only refrain workers from flowing out into other sectors but also to be more competitive.

Finally, the reduction of poverty in the countryside must continue to be the government’s top priority to dispel the “jobless growth” that the country has long been experiencing, he said.

---

#### Sources:

Carmelita N. Ericta, Results from the July 2007 Labor Force Survey, [www.census.gov.ph](http://www.census.gov.ph)  
NEDA Acting DG Augusto B. Santos, Statement on July 2007 Labor Force Survey