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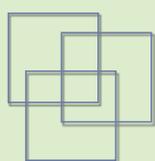
International  
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Organization

## ILO Asia-Pacific Working Paper Series

# Youth employment in the Philippines

Mark Emmanuel L. Canlas and  
Maria Cristina R. Pardalis

December 2009



Subregional Office for South-East Asia and the Pacific  
Manila



**ILO Asia-Pacific Working Paper Series**

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## Foreword

Youth unemployment and the difficulty of transiting from school to work has been a persistent and significant problem not just in the Philippines, but throughout the Southeast Asia and the Pacific region. A number of policy and programme initiatives have been introduced to address youth unemployment problems including provision of labour market information, skills training and upgrading, online job-matching, nurturing of entrepreneurship skills, etc. All these initiatives benefit from the political will of different stakeholders and often require both large sum of money (usually taken from national budget appropriations where they have to compete against other urgent priorities) as well as human resources and the energy to sustain each initiative. Despite all these programmes, the problem of youth unemployment persists. This might lead one to pose questions such as: “are we doing the right thing?”, “what types of youth-oriented and labour market initiatives would lead to employment creation?” and so forth.

In order to ensure these initiatives and reforms impact on young people and their lives in a positive and tangible manner, there is a need for a greater understanding of the nature of the environment that such initiatives are designed to address. As well as understanding the dynamics of the labour market, an important first step is to know the current profile of young people entering the workforce for the first time. This study is a response to that need and was commissioned by the ILO through the *Promoting Youth Employment in the Philippines (PYEP): Policy and Action Project* to assist policy makers (especially those operating within local government units who interact most often with young people needing work) in analyzing the real situation of the youth today in their locality: their needs, aspirations, and constraints, etc. so that officials and social workers can target and prioritize particular youth groups in greatest need, better address the problems they face and craft value-for-money solutions, measures, and/or youth investment options.

As always, we at the ILO Office hope that this initiative can be used by other local government units (LGUs) towards better understanding of the youth and employment challenges in their locality for them to craft effective and efficient measures to address youth unemployment.

Linda Wirth-Dominice  
Director, ILO-SRO Manila



## Preface

The Philippines was one of four countries selected for an initial three-year phase of the International Labour Organization's Action Programme for Decent Work under an agreement signed in 2002 between the local tripartite partners.<sup>1</sup> Promoting youth employment is one target outcome under this Decent Work Country Programme (DWCP) specifically under Pillar 2: "creating employment opportunities for men and women."<sup>2</sup>

CIDA Philippines through its Private Sector Development Fund provided a grant to pilot-test the youth employment project in the Philippines. The PYEP project aimed at capacitating relevant stakeholder institutions to assess the state of the labour markets at both the national and local levels, identifying employment growth areas that would provide opportunities for current and future youth, and its various segments. These segments were identified as: (i) students; (ii) the employed youth (including those that were self-employed); (iii) the unemployed job-seekers; and (iv) those not in the workforce.

Finally, armed with the knowledge of current and potential future opportunities, the project sought to foster the necessary conditions to realize such opportunities. An important component of this was recognition of the need to promote entrepreneurialism among the youth and a series of training modules were introduced and piloted in specific localities designed to encourage youth to think of themselves as micro entrepreneurs.

Importantly, the project disaggregated the factors and conditions surrounding youth unemployment from the more general unemployment and underemployment problem facing the Philippines and fostered the realization among stakeholders that this was indeed a separable problem that required its own specific set of interventions in order to resolve. Unemployment during a person's early working years can discourage a person and reduce self-esteem. This often leads to a lifetime of unemployment or underemployment and wasted potential for the country.

To make the programme implementable and measurable, the project management team dovetailed its project strategy with the ongoing effort of the ILO Manila to promote local development and decent work in other areas.

Thus, there were a number of activities funded under the youth employment project that were carried out to address broader targets of the DWCP and which were co-funded through other allocations: for instance promoting local development and decent work (such as developing the studies linking youth employment to local economic development strategies) and also funds allocated for promoting gender equality in employment.

Eight pilot locations were selected partly on the basis of recommendations of the Department of Labor and Employment (DOLE)–Bureau of Rural Workers which the DOLE assessed as showing already some level of success based on implementation of other national flagship programmes including those on poverty reduction. The final decision was also made on the basis of an assessment of the ILO Manila as to the openness of the local LGU leadership to work with the ILO in this regard.

Policy research was undertaken which led to consequent technical discussion and advocacy activities conducted to harness multi-sector support for a policy and action agenda that would complement, replicate, disseminate and scale up the delivery of tried and tested employment support services for youth throughout the country. These policy research papers are integrated into this set of working papers.

<sup>1</sup> See for example [http://www.unwire.org/unwire/20020514/26368\\_story.asp](http://www.unwire.org/unwire/20020514/26368_story.asp) (accessed 21 November 2009).

<sup>2</sup> See for example ILO, 2006 *From Pilot to Decent Work Pilot Programme*, Geneva; available online at [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms\\_079471.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079471.pdf) (accessed 23 November 2009).

National and local partners participated in a series of ILO-organized advocacy and learning forums and were oriented in the ILO entrepreneurship tools (KAB, GYB/SYB and GET AHEAD) which were pilot tested in 48 secondary schools throughout the country as well as in TESDA-administered schools.

Knowledge materials were produced to assist both institutional partners and target youth beneficiaries during and after the project period while documentation of the supported demonstration projects helped in disseminating lessons and facilitated replication of good practices by other parties. Three of these are incorporated into this working paper series: the Briefing Guide; the Operations Guide; and the Independent Evaluation Report.

Finally, ILO-CIDA-PYEP supported projects were developed to create immediate and limited scale of demonstration effect on jobs, incomes and decent work status of target youth segments. These were piloted in select localities using ILO tools and expertise which generated results favourable to intermediary local institutions and target youth beneficiaries. These demonstration projects were useful for improvement, replication and scaling up. These particularly covered:

1. For Angono – five projects anchored on art tourism including: (i) arts exhibits, (ii) traditional animation and artistic training, (iii) souvenir items development and culinary arts, (iv) souvenir items development using recycled materials; and (v) tour guide training and transport-aided tourism promotion that directly enhanced skills translated to jobs and income opportunities for 110 young artistically inclined youth.
2. For Concepcion – one project anchored on eco-tourism titled “LGU and Youth Employment Generation Capacity on Tourism Development” that enabled 20 youth direct beneficiaries duly screened and selected, from the different barangays of the town to acquire through structured learning opportunities necessary attitude, exposure and skills to start, grow and sustain in a business-like manner the operations of an LGU tourism services shop, This will indirectly benefit 400 local potential and existing artisans and entrepreneurs.
3. For Cotabato City – one project on enabling a Muslim youth-run organization to prepare and expand its business service lines to include blueprinting services on top of established computer and photocopying service lines; in effect creating additional opportunities for the organization’s target out-of-school-youth; and enabling employed out-of-school-youth to earn incomes sufficient to cover for their needs and for costs in pursuing a short vocational/technical training course of their choice.
4. For Davao City – one project enhancing the employability factor of targeted disadvantaged youth in the city such as the out-of-school-youth and the job seeking unemployed youth technically inclined to engage in jobs in the hotel and restaurant industry, building electrical wiring trade and metal arc welding trade. The programme provided for skills training, testing and certification; entrepreneurship orientation, personality development, post-training employment services, and a mechanism for employers’ feedback on programme participants.
5. For Dumaguete – one project enhancing values, industry/trade skills and entrepreneurship base of local unemployed graduates. As an adjunct to this, the city provided two tracks of post-training employment facilities services for the youth. One track is geared towards getting trainees employed in the labour-short but high-paying Business Process Outsourcing-Information and Communication Technologies (BPO-ICT) sector as well as in hospitality and automotives sectors. Another track is geared towards enabling these young people to start-up their own service shops.
6. For Guimaras Province – two different projects with the first one supporting employability and actual employment of 50 local youth for housing sector jobs; the second one complementing resources mobilized by the provincial government to implement an integrated set of employment interventions based on identified gaps and action points from the youth employment planning workshop.
7. For La Castellana – one project affording young people and their parents in comprehensive agrarian reform programme (CARP) whose long pending land disputes case have been finally

settled and thus ready to respectively invest in the development of their respective lands with entrepreneurship orientation, training and post-training support services.

8. For Marikina City – provided the city with technical (e.g. feasibility studies) and brokering (e.g. between BPO firms and Marikina LGU) services to complement the overall efforts of the LGU to organize a fully functioning one-stop-shop labour market centre capable of delivering a comprehensive set of employment services for the city with a special focus on the more disadvantaged youth segments.

These projects served as a deciding point for LGUs and stakeholders to mainstream youth employment policy and action points in local development planning, budget and administration processes. The second set of papers in this series provides case studies that highlight how the ILO-sponsored interventions complemented local economic development initiatives in each of these eight areas and the result obtained.

The evaluation report concluded with a note that the PYEP is clearly just a beginning; that it has managed to establish momentum that can be carried on by the project partners with or without further project support. It underscored the challenges facing all the partners involved, the local governments, the partner non-governmental organizations (NGOs), the schools and training institutions, the employer groups, trade unions, national government agencies, and the international development institutions involved (ILO and CIDA), that is to do what is necessary to ensure that such momentum is not dissipated.

This series of working papers provides a record of the project outcomes and a benchmark from which to assess the longevity of the interventions.



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## List of acronyms

|            |  |
|------------|--|
| BPO        | Business Process Outsourcing   |
| CALABARZON | Cavite, Laguna, Batangas, Rizal, Quezon<br>(Note: these provinces comprise Region IV-A in Luzon) |
| CARP       | Comprehensive Agrarian Reform Programme  |
| CIDA       | Canadian International Development Agency  |
| DOLE       | Department of Labor and Employment   |
| GDP        | Gross Domestic Product   |
| ILO        | International Labour Organization  |
| LFS        | Labour Force Survey  |
| LGU        | Local Government Unit  |
| MIMAROPA   | Mindoro, Marinduque, Romblon, Palawan<br>(Note: these provinces comprise Region IV-B)            |
| NCR        | National Capital Region  |
| NDHS       | National Demographic and Health Survey   |
| NGO        | Non-Governmental Organization  |
| NSCB       | National Statistical Coordination Board  |
| NSO        | National Statistics Office   |
| PESO       | Public Employment Service Office   |
| PMAP       | People Management Association of the Philippines   |
| PUF        | Public Use Files   |
| PYEP       | Promoting Youth Employment in the Philippines  |
| SOCCKSAR   | South Cotabato, Saranggani   |
| TESDA      | Technical Education and Skills Development Authority   |
| TFP        | Total Factor Productivity  |
| TNS        | Taylor Nelson and Sofres   |

## Acknowledgements

Special thanks to the Canadian International Development Agency (CIDA) for supporting the ILO's project of *Promoting Youth Employment in the Philippines (PYEP)*, the young women and young men who participated in the survey administered by the Taylor Nelson and Sofres (TNS) Inc, the multi-stakeholders of the project who worked in validating the survey findings and providing their valuable comments, and the additional inputs and insights provided by the team from the TNS.

Acknowledgement also to the National Statistics Office (NSO) for providing access to their public use files and to the national stakeholders from the government and non-governmental organizations who provided their comments during the technical workshop prior to the finalization of this paper.

Finally, acknowledgement to the ILO Employment, PYEP, and Publications Teams for providing the overall coordination in delivering this knowledge product.

### A note on spelling conventions

In accordance with the practice of the International Labour Organization (ILO) this document follows the general spelling conventions as laid out in the Oxford Dictionary. Where two or more alternative spellings are allowed, we normally apply the first such spelling.

Exceptions are made for proper names. Thus we use the general term of “labour market” and “labour scenarios” but “Department of Labor and Employment” and “Labor Code of the Philippines.”

# Youth employment in the Philippines

by

Mark Emmanuel L. Canlas and Maria Cristina R. Pardalis

## 1 Introduction

Labour market studies in the Philippines regularly call on the government to improve the overall state of employment in the country and specifically for policies that are geared towards addressing the employment situation of the youth. This proposition is grounded on the fact that the youth comprises nearly two-thirds of the total unemployed and represent a vast underutilized resource in the country.

Aside from the magnitude of the youth unemployment problem, Canlas (2005) identifies three reasons why governments as well as other policy-making and implementation bodies should prioritize the young unemployed over other groups. First, the youth are more vulnerable to economic shocks than adults since they have not yet developed coping mechanisms. Second, unemployment not only makes young people insecure, it also makes them multipliers of insecurity within their families since many rely on multiple income sources to avoid falling into poverty. Finally, for young people, extended unemployment becomes a lifetime structural problem translating into an increased probability of unemployment or underemployment (in terms of quality of work) throughout their entire working life. Hence, a focus on dealing with the problem of currently marginalized youth in the labour market is also a longer-term preventive cure to adult unemployment and enhanced national productivity.

Despite its critical importance, the labour market situation of young people in the Philippines has not been studied either extensively or accurately, as far as the national definition of the youth is concerned. There is an important difference between the official definition as used in the Philippines and the more general universal definition used elsewhere.

By virtue of Republic Act 8044 or the *Youth in Nation Building Act (1995)*, the youth is defined as “*the critical period in a person’s growth and development from the onset of adolescence towards the peak of mature, self-reliant and responsible adulthood comprising the considerable sector of the population from the age of 15–30 years*” (Sec. 4. (a). Most youth employment studies, though, adopt the global definition of youth, which is the population 15–24 years old.

There are also data limitations in the age groupings of population as sourced from the *Labour Force Survey (LFS)* of the National Statistics Office (NSO), which only covers the 15 to 29 year old population.<sup>3</sup> Moreover, as most local youth employment studies are simple, single year snapshots of the labour market, they have not been able to look at the changing trends of the youth with respect to their engagement in productive work.

This paper seeks to respond to this gap by providing historical data, based on the national definition of the youth, as culled mainly from the public-use files of the LFS. The paper utilizes the more detailed questions in the LFS, the results of the youth profiling in the eight pilot areas of the Promoting Youth Employment in the Philippines (PYEP)<sup>4</sup> project as well as the literature to provide some deeper insights on the labour market situation of young people. The researchers hope that this paper will provide policy-makers with the needed data on youth in the labour market.

<sup>3</sup> This is not by any means insinuating a fault from NSO’s side as their tabulations are based on the UN System. Rather, there is just a lack of congruence between the law’s definition of the youth and the available tabulation and this is one of the rationales of this paper—to present a re-tabulation of the data based on the national definition of youth. The authors would like to acknowledge the kind assistance that Administrator Carmencita Ericta and her staff extended to make this undertaking possible.

<sup>4</sup> Promoting Youth Employment in the Philippines (PYEP) is an ILO-CIDA technical cooperation project that seeks to facilitate the creation of employment opportunities for young Filipino women and men.

## 1.1 Labour market trends of the youth segment

The Philippines has a long history of high fertility and high population growth rates. This has resulted in a predominantly young population. The median age is 22.3 years (21.8 years for males and 22.8 years for females).<sup>5</sup>

Based from the recent population census, more than one third (37 per cent) of the country's total population is below 15 years while those between 15 and 30 years constitute almost another one-third (29 per cent). By 2010, the population of the Philippines is expected to reach more than 94 million and total number of youth is expected to swell to 62 million.

Of this number 27 million will be of working age (15–30 years) further boosting the supply of young people into the labour market.

## 1.2 Youth labour force participation

Between 1988 and 2006, an average of 246,000 young people joined the workforce every year. In 2006, they comprised 39 per cent of the labour force.<sup>6</sup> Teenagers or those in the age range of 15 to 19 years make up about 23 per cent of the youth labour force while young adults, (those between 20 to 30 years) account for the remaining 77 per cent.

The labour force participation rates of the youth have been generally stable, averaging around 57 per cent over the period 1988–2006 (Table 1-1). Both adult and youth participation rates fluctuate within a five percentage point band, and youth participation reflects the same pattern as that of adults. Understandably, school-age teenagers exhibit the lowest average participation rate of 37 per cent. The older youth groups, the 20 to 24 years old and the 25 to 30 years old, registered 67.5 per cent and 73.5 per cent participation rates respectively. This result validates theories on economic participation, which posit that labour force participation begins at a very low rate, gradually increasing unto adulthood and then declines during the latter part of a person's working life.

**Table 1-1: Youth population and youth in the labour force, 1988-2006 (in thousands)**

| Year | Total youth population | Youth in the labour force | Per cent of youth in the labour force |
|------|------------------------|---------------------------|---------------------------------------|
| 1988 | 17 024                 | 9 861                     | 57.9                                  |
| 1989 | 17 076                 | 9 667                     | 56.6                                  |
| 1990 | 17 446                 | 9 914                     | 56.8                                  |
| 1991 | 17 901                 | 10 194                    | 56.9                                  |
| 1992 | 18 339                 | 10 463                    | 57.1                                  |
| 1993 | 18 630                 | 10 547                    | 56.6                                  |
| 1994 | 18 782                 | 10 533                    | 56.1                                  |
| 1995 | 18 892                 | 10 791                    | 57.1                                  |
| 1996 | 20 713                 | 11 754                    | 56.7                                  |
| 1997 | 20 100                 | 11 131                    | 55.4                                  |
| 1998 | 20 944                 | 11 975                    | 57.2                                  |
| 1999 | 20 926                 | 11 682                    | 55.8                                  |
| 2000 | 20 959                 | 11 280                    | 53.8                                  |
| 2001 | 21 900                 | 12 294                    | 56.1                                  |
| 2002 | 21 311                 | 12 113                    | 56.8                                  |
| 2003 | 23 647                 | 13 875                    | 58.7                                  |
| 2004 | 24 133                 | 13 989                    | 58.0                                  |
| 2005 | 24 552                 | 14 041                    | 57.2                                  |
| 2006 | 24 942                 | 14 280                    | 57.3                                  |

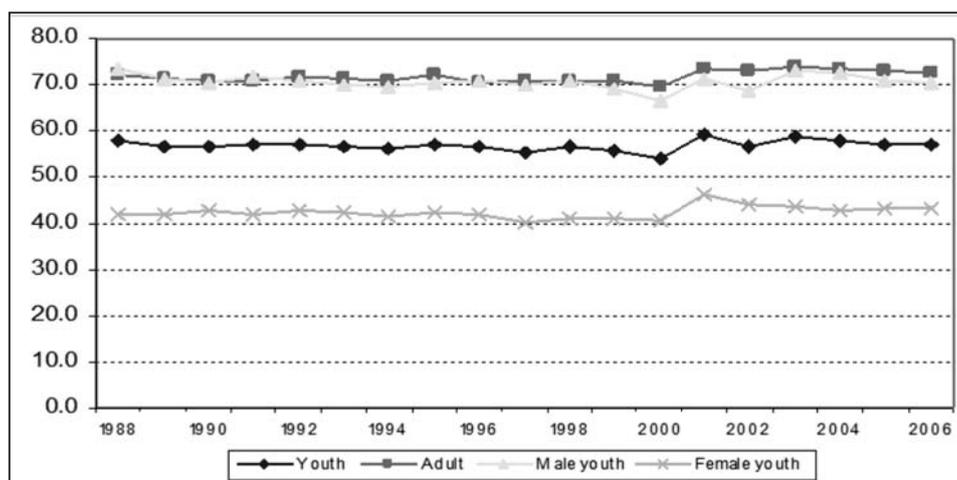
Source: Public Use Files (PUF) of the Labour Force Survey, October rounds, 1988-2006

<sup>5</sup> CIA World Factbook, 2008 estimates.

<sup>6</sup> Labour force refers to the population 15 years old and over who contribute to the production of goods and services in the country either employed or unemployed. Starting April 2005, the NSO adopted a new definition of unemployment, and added the "availability criterion". While previously, only two criterion—jobless and looking for work, were required to be considered unemployed, the respondent is now asked if given a work opportunity, he or she is available and ready to work. The old definition of unemployment was used in this study.

There is a substantial difference in the labour force participation rates exhibited between young males and young females (Figure 1). While there has been a slight increase in the latter's participation rate from 42.1 per cent in 1988 to 43.4 per cent in 2006, the participation rate of females was still considerably lower than that of males, which hovered around 70.7 per cent. This can be attributed in part to the higher proportion of females staying in school. Enrolment ratios are higher for males in elementary but their cohort survival and completion rates are lower, both in elementary and in high school. This has been evident for years, thus translating to a substantial 1.7 percentage point gap in basic literacy rate and 4.4 percentage point gap in functional literacy rates in favour of females.

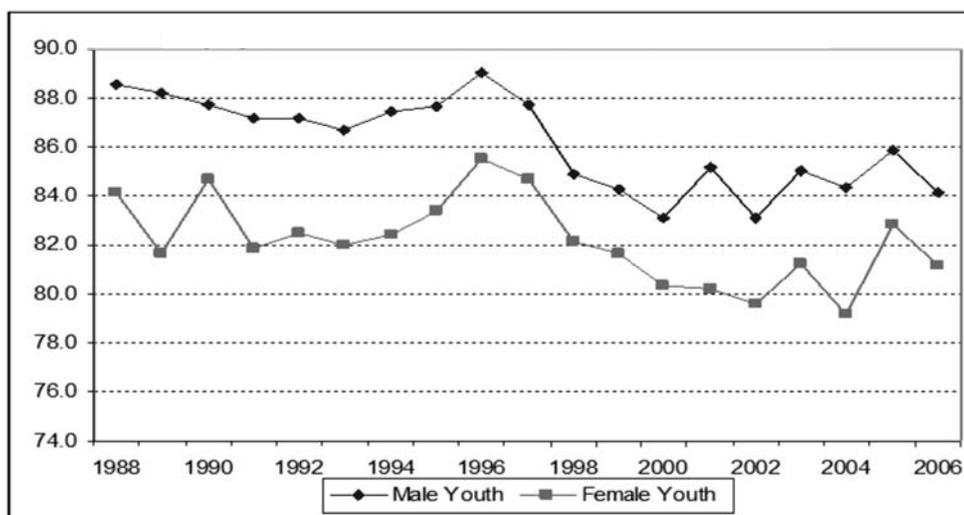
**Figure 1: Adult and youth labour force participation rates, 1988–2006**



Source: PUF of the Labour Force Survey- October rounds, 1988-2006

According to the 2001 *Philippine Survey on Children*, the foremost reason given by the youth aged 15 to 17 years for dropping out of school was the high cost of schooling (31.8 per cent). Other reasons mentioned include: (i) loss of interest in school (30.8 per cent); (ii) need to engage in paid/self-employment to augment family income (12.4 per cent); (iii) need to help in family business/farm (8.9 per cent); and (iv) the long-distance travel to school (4.6 per cent). Loss of interest in school was the primary reason among males (38.2 per cent) while high cost of schooling was the main reason cited by females (46.2 per cent).

**Figure 2: Adult and youth employment rates, 1988–2006**



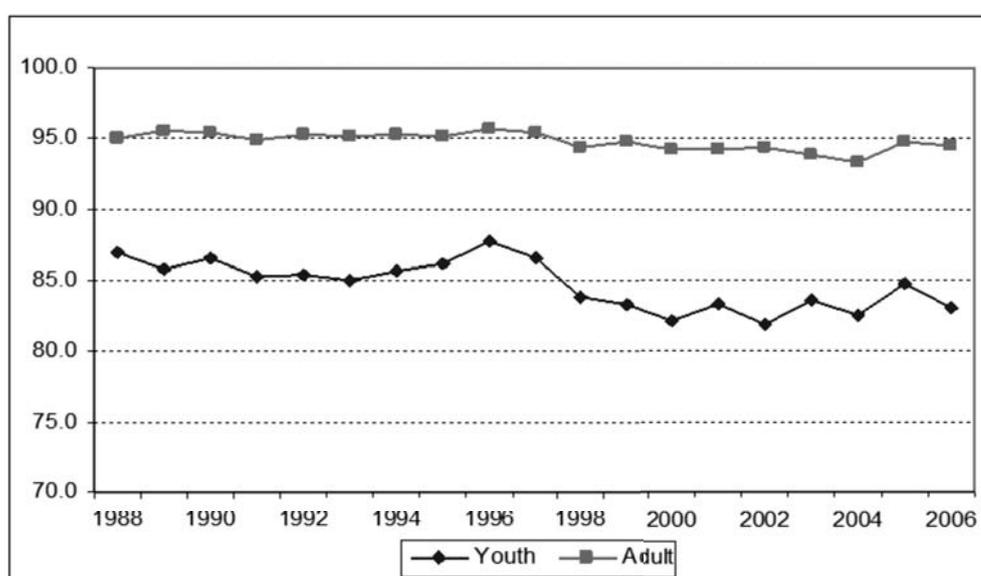
Source: PUF of the Labour Force Survey- October rounds, 1988-2006

In addition, traditional responsibilities of child-rearing and housekeeping have kept young women from joining the labour market. In 2006, 3.4 million young women did not bother to look for work and were excluded thereby from the labour force (and therefore the official unemployment figures) because they were engaged in housekeeping. The 2003 National Demographic and Health Survey (NDHS) reports that on the average, Filipino women marry at age 22 and have their first child at age 23, consequently a substantial part of the early career life of female youth is dedicated to the performance of traditional roles.

### 1.3 Youth employment

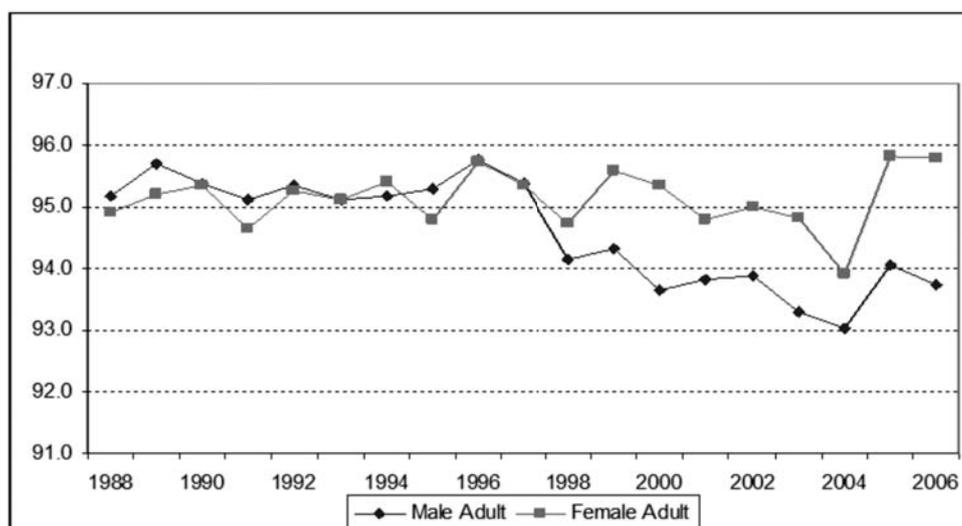
In 2006, working youth accounted for 36 per cent of the total number of employed in the Philippines. In recent years there has been a general downward trend in the employment rates for both young and adult workers but youth employment rates show greater volatility across the years (Figure 2). There is also an apparent increase in the gap between youth and adult employment rates.

**Figure 3: Employment rates of male and female youth, 1988–2006**



Source: PUF of the Labour Force Survey- October rounds, 1988-2006

**Figure 4: Employment rates of male and female adults, 1988– 2006 (in per cent)**



O'Higgins (1997 and 2003) and other authors<sup>7</sup> explain that young workers are less employable compared to their adult counterparts owing to their lower qualifications (as perceived by employers), shorter work experience and more limited social networks that may be utilized to obtain labour market information compared to the more mature cohort. The youth are also more likely to quit or be fired than adults in times of recession because it is generally more costly to terminate older workers. Companies are more likely to have spent more training funds and will have to pay higher severance benefits to older workers than to younger ones; thus, terminating the latter is a less expensive option.

Similar to the trend in the labour force participation, there is a bias towards employment of males. The employment rate of young males averaged 86.3 per cent as against 82.2 per cent for young females (Figure 3). It is interesting to note though that, until the middle of the last decade once young women reach adulthood, the labour market became very integrative of them. The disparity between adult males and females became marginal, if not non-existent altogether, during adulthood (Figure 4). Since the 1997 Asian financial crisis, however, employment rates of male and female adults have diverged indicative of a structural shift in the economy as many jobs in manufacturing—traditionally an employer of female labour—have relocated to other countries.

The changing structure of gross domestic product (GDP) by industry and the distribution of the employed youth across industries (1988 and 2006 data) is shown in Table 1-2 while provides a more detail structural breakdown of youth employment in 206 disaggregated by segment and by gender is shown in Table 1-3.

**Table 1-2: Share to GDP and employment by major industry, 1988, and 2006**

| Industry                           | Year | Per cent share of GDP |       | Per cent share of employed youth |       |
|------------------------------------|------|-----------------------|-------|----------------------------------|-------|
|                                    |      | 1988                  | 2006  | 1988                             | 2006  |
| Agriculture, fishery, and forestry |      | 23.6                  | 18.8  | 48.9                             | 33.8  |
| Industry                           |      | 35.2                  | 32.8  | 19.0                             | 16.6  |
| Service                            |      | 41.2                  | 48.3  | 32.1                             | 49.6  |
| Total                              |      | 100.0                 | 100.0 | 100.0                            | 100.0 |

Source: National Statistical Coordination Board, PUF of the LFS, October 2006

<sup>7</sup> Ziss and Dick, 2003; and Godfrey, 2003.

The service sector has grown consistently over past decades, and now is the largest contributor to GDP. It has also become the largest absorber of labour, accounting for almost half of the employed youth in 2006. More recent data shows a continuation of this trend but was not included in this study.

Agriculture, despite its shrinking share in the economy, remains a key sector and employs about a third of the employed youth. Industry absorbed a mere 17 per cent in 2006 and its share continues to decline not only because of the dismal growth of the industry sector over the years but also because of the capital-intensive nature of industrialization in the Philippines. As a result, young male workers are mostly engaged in agricultural work whereas a large proportion of females are in services.

**Table 1-3: Youth employment by industry and by gender, 2006**

| Industry                                  | Year | Number ('000) |        | Distribution (per cent) |        |
|---|------|---------------|--------|-------------------------|--------|
|   |      | Male          | Female | Male                    | Female |
| Agriculture, fisheries, forestry          |      | 3 294         | 710    | 43.7                    | 16.5   |
| Agriculture, hunting, and forestry        |      | 2 795         | 690    | 37.1                    | 16.0   |
| Fishing                                   |      | 499           | 20     | 6.6                     | 0.5    |
| Industry                                  |      | 1 357         | 615    | 18.0                    | 14.3   |
| Mining and quarrying                      |      | 51            | 4      | 0.7                     | 0.1    |
| Manufacturing                             |      | 758           | 590    | 10.1                    | 13.7   |
| Electricity, gas, and water               |      | 30            | 6      | 0.4                     | 0.1    |
| Construction                              |      | 517           | 14     | 6.9                     | 0.3    |
| Services                                  |      | 2 889         | 2 987  | 38.3                    | 69.3   |
| Wholesale, retail, repair of vehicles     |      | 1 002         | 1 194  | 13.3                    | 27.7   |
| Hotel and restaurants                     |      | 242           | 232    | 3.2                     | 5.4    |
| Transport, storage, communication         |      | 821           | 79     | 10.9                    | 1.8    |
| Financial intermediation                  |      | 64            | 100    | 0.8                     | 2.3    |
| Real estate, rent, business services      |      | 201           | 132    | 2.7                     | 3.1    |
| Public admin, defense, social security    |      | 185           | 110    | 2.5                     | 2.6    |
| Education                                 |      | 90            | 236    | 1.2                     | 5.5    |
| Health and social work                    |      | 43            | 88     | 0.6                     | 2.0    |
| Other community/social/personal services  |      | 126           | 89     | 1.7                     | 2.1    |
| Private household with employees          |      | 114           | 727    | 1.5                     | 16.9   |
| Extraterritorial organizations and bodies |      | 0             | 0      | 0.0                     | 0.0    |
| Total                                     |      | 7 540         | 4 313  | 100.0                   | 100.0  |

Source: PUF of the Labour Force Survey, October 2006

It is noteworthy that as the education of the employed youth increases, there is a tendency to move away from agricultural employment and towards services rather than manufacturing (Table 1-4). Four out of five youth with no or minimal education can be found in agriculture whereas 66 per cent of college graduates are employed in services—in wholesale and retail trade in particular. This suggests that increasingly, the Philippines is becoming a service-oriented economy in Asia rather than a manufacturing hub. This provides the opportunity to further build the value added service sector.

**Table 1-4: Distribution of employed youth by industry and educational attainment, October 2006**

| Industry                | No education | Elem undergrad | Elem graduate | HS undergrad | College undergrad | College graduate | Total |
|-------------------------|--------------|----------------|---------------|--------------|-------------------|------------------|-------|
| Agri, fishery, forestry | 81.1         | 71.6           | 56.9          | 44.9         | 24.0              | 14.7             | 4.3   |
| Industry                | 7.0          | 10.1           | 12.6          | 14.5         | 23.2              | 19.5             | 12.8  |
| Service                 | 11.9         | 18.2           | 30.5          | 40.6         | 52.8              | 65.7             | 82.9  |
| Total                   | 100.0        | 100.0          | 100.0         | 100.0        | 100.0             | 100.0            | 100.0 |

Source: PUF of the Labour Force Survey, October 2006

### 1.3.1 Employment by occupation

Disaggregating the data from the NSO by major occupational group, shows the bulk of present day (2006) working youth are labourers and unskilled workers (43.4 per cent), and this is clearly a cause for concern.

Young males are often engaged in agriculture where work is typically seasonal in nature. Young females are mostly in services, particularly in sales and basic occupations, many of which are in the informal sector and which include the street hawkers, peddlers, as well as the small service providers such as beauticians, laundrywomen and domestic helpers. These occupations are at the bottom of the employment ladder, not only in terms of remuneration, but also in terms of access to legal protection and social security.

In 2006, for instance, the average daily basic pay of young labourers and unskilled workers amounted to only PhP196.70 for males and PhP138.20 for females. This can be contrasted with occupational groups where there is less concentration of youth. These include officials of government and special interest-organizations, professionals, and technicians and associate professionals, where the daily basic pay was significantly higher, averaging PhP378, PhP436, and PhP337 respectively (Table 1-5).

It is noteworthy that more young women occupy technical and professional positions than young men, and again, this may be attributed to the increasing proportion of females with higher schooling. However, on the average, they still earned less than their male counterparts in 2006.<sup>8</sup>

**Table 1-5: Youth employment and mean daily wage by major occupation, October 2006**

| Major occupation                                   | Distribution (in per cent) |        |       | Mean daily basic pay (PhP) |        |       |
|--|----------------------------|--------|-------|----------------------------|--------|-------|
|  | Male                       | Female | Total | Male                       | Female | Total |
| Officials of government/ special interest-orgs     | 0.2                        | 0.3    | 0.2   | 415.5                      | 311.3  | 378.2 |
| Corporate executives, managers and supervisors     | 3.2                        | 7.9    | 4.9   | 506.3                      | 458.4  | 481.1 |
| Professionals                                      | 2.0                        | 7.7    | 4.1   | 452.9                      | 427.9  | 435.7 |
| Technicians and associate professionals            | 2.0                        | 3.6    | 2.6   | 349.6                      | 325.3  | 337.1 |
| Clerks   | 3.6                        | 12.1   | 6.7   | 313.6                      | 339.3  | 330.7 |
| Service, shop and market sales workers             | 10.5                       | 19.5   | 13.8  | 218.2                      | 173.1  | 196.1 |
| Farmers, forestry workers and fishermen            | 12.7                       | 2.3    | 8.9   | 147.1                      | 87.6   | 145.6 |
| Traders and related workers                        | 8.2                        | 4.2    | 6.8   | 236.2                      | 201.8  | 229.3 |
| Plant machine operators and assemblers             | 10.6                       | 4.0    | 8.2   | 242.6                      | 265.8  | 250.0 |
| Labourers and unskilled workers                    | 46.4                       | 38.0   | 43.4  | 196.7                      | 138.2  | 170.9 |
| Sales and services elementary occupations          | 7.0                        | 21.2   | 12.2  | 189.1                      | 88.4   | 122.1 |
| Agricultural, forestry, fishery and related        | 30.6                       | 14.1   | 24.6  | 162.6                      | 108.8  | 155.6 |
| Mining, construction, manufacturing, and transport | 8.8                        | 2.8    | 6.6   | 238.4                      | 217.3  | 235.2 |
| Armed forces                                       | 0.3                        | 0.0    | 0.2   | 457.0                      | 1073.4 | 493.6 |
| NEC  | 0.2                        | 0.1    | 0.2   | 177.8                      | 220.0  | 187.6 |
| Total  | 100.0                      | 100.0  | 100.0 | 234.9                      | 228.2  | 232.0 |

Source: PUF of the Labour Force Survey, October 2006

### 1.3.2 Nature of youth employment

The increase in the proportion of permanent jobs held by young people, in percentage terms, has been minimal (Table 1-6). Between 1996 and 2006, this proportion actually declined to be replaced with a rise in the proportion of short-term contract employment. The move to contract employment is consistent with trends observed in other countries. This shift has been significant and one explanation may be the growth of industries such as call centres, and other BPO firms which increasingly offer part-time, home-based and other flexible working arrangements.

The distribution of jobs by nature of employment varies across different levels of educational attainment. Most of those who failed to reach high school work with less secure daily work contracts, rather than contracts that hold for months or longer.

<sup>8</sup> This was, however, not the case in 2004, as young women earned more than young men during that year.

**Table 1-6: Youth employment by job nature, levels, and percentage distribution, 1998, 1996, and 2006**

| Nature of employment                         | Level (in '000) |        |        | Distribution (in per cent) |       |       |
|--|-----------------|--------|--------|----------------------------|-------|-------|
|  | 1988            | 1996   | 2006   | 1988                       | 1996  | 2006  |
| Permanent                                    | 6 022           | 7 347  | 8 348  | 70.2                       | 71.2  | 70.4  |
| Short-term                                   | 1 968           | 2 449  | 3 177  | 22.9                       | 23.7  | 26.8  |
| Different employers or work on a daily-basis | 586             | 523    | 329    | 6.8                        | 5.1   | 2.8   |
| Total  | 8 576           | 10 320 | 11 850 | 100.0                      | 100.0 | 100.0 |

Source: PUF of the Labour Force Survey, October 2006 round

### 1.3.3 Youth employment by class of workers

In terms of the class of workers, there has been a significant increase in the proportion of youth in wage employment; from 54.6 per cent in 1988 to 62.7 per cent in 2006 (Table 1-7). Those employed in private establishments in the formal economy, where working terms and conditions are generally better than in the informal sector, have increased. In contrast, the proportion of own account workers declined over the period. An even more favourable change is observed in the class of unpaid family workers declining from 24.6 per cent in 1988 to 19.9 per cent in 2006.

**Table 1-7: Employment by class of worker, levels, and percentage distribution, 1998, 1996, and 2006**

| Class of workers                    | Year | Level ('000) |        |        | In per cent |       |       |
|-------------------------------------|------|--------------|--------|--------|-------------|-------|-------|
|                                     |      | 1988         | 1996   | 2006   | 1988        | 1996  | 2006  |
| Wage workers                        |      | 4 685        | 5 878  | 7 434  | 54.6        | 57.0  | 62.7  |
| Private household                   |      | 599          | 753    | 848    | 7.0         | 7.3   | 7.2   |
| Private establishment               |      | 3 596        | 4 647  | 6 061  | 41.9        | 45.0  | 51.1  |
| Government / Gov. corporation       |      | 490          | 478    | 525    | 5.7         | 4.6   | 4.4   |
| Own account                         |      | 1 785        | 2 173  | 2 056  | 20.8        | 21.1  | 17.4  |
| Self employed                       |      | 1 630        | 1 937  | 1 840  | 19.0        | 18.8  | 15.5  |
| Employer                            |      | 75           | 111    | 147    | 0.9         | 1.1   | 1.2   |
| With pay (family owned business)    |      | 80           | 125    | 69     | 0.9         | 1.2   | 0.6   |
| Without pay (family owned business) |      | 2 106        | 2 267  | 2 364  | 24.6        | 22.0  | 19.9  |
| Total                               |      | 8 576        | 10 320 | 11 850 | 100.0       | 100.0 | 100.0 |

Source: PUF of the Labour Force Survey, October 2006 round

## 1.4 Youth underemployment

Underemployment is a measure of currently employed workers' yearning for more paid work. According to the NSO, the underemployed are those seeking to have additional hours of work in their present job or those wanting to have an additional job or a new job with longer working hours.

In 1988, the youth underemployment rate was higher than that of adults. The gap narrowed in 1996 until eventually, young people posted a 19.9 per cent underemployment rate in 2006, slightly lower than the figure of their adult counterparts which stood at 20.6 per cent (Table 1-8).

**Table 1-8: Youth underemployment levels and rates by age, 1988, 1996, and 2006**

| Age group | Year | Underemployed ( in '000) |       |       | Underemployment rate (per cent) |      |      |
|-----------|------|--------------------------|-------|-------|---------------------------------|------|------|
|           |      | 1988                     | 1996  | 2006  | 1988                            | 1996 | 2006 |
| 15 to 19  |      | 598                      | 554   | 534   | 24.7                            | 20.8 | 19.9 |
| 20 to 24  |      | 682                      | 635   | 696   | 24.7                            | 19.0 | 18.8 |
| 25 to 30  |      | 838                      | 879   | 1 126 | 24.7                            | 20.4 | 20.6 |
| Youth     |      | 2 118                    | 2 068 | 2 356 | 24.7                            | 20.0 | 19.9 |
| Adults    |      | 2 891                    | 3 259 | 4 405 | 22.4                            | 19.0 | 20.6 |

Source: PUF of the Labour Force Survey, October rounds

Underemployment of young people in the Philippines has a very rural character, relating to the fact that most occupations that tend to have high underemployment rates are located in rural areas. These are the jobs in agriculture, fishing, mining and quarrying. In these areas, the unemployment is systemic. By contrast, workers in the construction sector owe the severity of their underemployment to the very

nature of construction contracts in the country, where labour is hired and paid on a daily basis. In such cases, a worker may be employed for only three or so days in a week, thus the natural yearning is to work longer hours.

Disaggregated by gender, young females appear to be less affected by underemployment. Cohorts with higher educational attainment also post lower underemployment rates (Table 1-9 to Table 1-12).

**Table 1-9: Youth underemployment levels and rates by gender, 1988, 1996, and 2006**

| Underemployed | Year | Level (in '000) |       |       | Underemployment rate (per cent) |      |      |
|---------------|------|-----------------|-------|-------|---------------------------------|------|------|
|               |      | 1988            | 1996  | 2006  | 1988                            | 1996 | 2006 |
| Males         |      | 1 567           | 1 526 | 1 783 | 28.0                            | 22.7 | 23.6 |
| Females       |      | 551             | 542   | 573   | 18.5                            | 15.0 | 13.3 |

Source: PUF of the Labour Force Survey, October round

**Table 1-10: Summary of youth underemployment rate by industry, 2006**

| Primary occupation   | Underemployment rate (per cent) |
|--|---------------------------------|
| Agriculture, fisheries, and forestry                       | 28.7                            |
| Agriculture, hunting, and forestry                         | 29.1                            |
| Fishing  | 26.4                            |
| Industry   | 19.5                            |
| Mining and quarrying                                       | 31.2                            |
| Manufacturing  | 17.6                            |
| Electricity, gas, and water                                | 8.7                             |
| Construction   | 24.0                            |
| Services   | 14.0                            |
| Wholesale and retail, repair of motor vehicles, etc.       | 15.0                            |
| Hotel and restaurants                                      | 11.2                            |
| Transport, storage, and communication                      | 18.3                            |
| Financial intermediation                                   | 8.2                             |
| Real Estate, renting and business activities               | 11.6                            |
| Public administration, defense, compulsory social security | 18.3                            |
| Education  | 12.1                            |
| Health and social work                                     | 12.2                            |
| Other community, social and personal service activities    | 27.1                            |
| Private household with employed persons                    | 6.2                             |
| Extraterritorial organizations and bodies                  | 0.0                             |
| Total  | 19.9                            |

Source: PUF of the Labour Force Survey, October 2006

**Table 1-11: Youth underemployment levels and rates by location, 1988, 1996, and 2002**

| Urbanity | Year | Levels (in '000) |       |       | Proportion (in per cent) |       |       |
|----------|------|------------------|-------|-------|--------------------------|-------|-------|
|          |      | 1988             | 1996  | 2002  | 1988                     | 1996  | 2002  |
| Urban    |      | 605              | 704   | 540   | 28.6                     | 34.1  | 36.3  |
| Rural    |      | 1 513            | 1 364 | 945   | 71.4                     | 65.9  | 63.7  |
| Total    |      | 2 118            | 2 068 | 1 485 | 100.0                    | 100.0 | 100.0 |

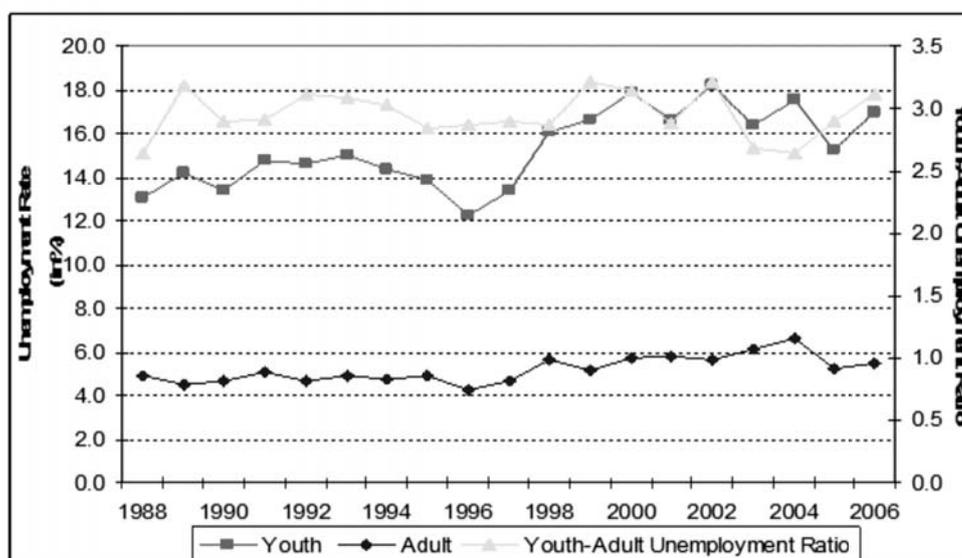
Source: PUF of the Labour Force Survey, October round, various years

**Table 1-12: Youth underemployment levels and rates by education, 1988, 1996, and 2006**

| Highest grade completed   | Year | Underemployed (in '000) |       |       | Underemployment rates |      |      |
|---------------------------|------|-------------------------|-------|-------|-----------------------|------|------|
|                           |      | 1988                    | 1996  | 2006  | 1988                  | 1996 | 2006 |
| No grade completed        |      | 17                      | 40    | 26    | 16.7                  | 26.3 | 21.6 |
| Elementary undergraduate  |      | 415                     | 386   | 436   | 29.2                  | 25.5 | 30.6 |
| Elementary graduate       |      | 552                     | 425   | 350   | 29.1                  | 22.8 | 23.8 |
| High School undergraduate |      | 347                     | 387   | 428   | 23.9                  | 22.5 | 21.3 |
| High School graduate      |      | 463                     | 468   | 622   | 24.1                  | 17.7 | 18.0 |
| College undergraduate     |      | 188                     | 227   | 279   | 20.5                  | 17.1 | 16.8 |
| College graduate          |      | 135                     | 132   | 216   | 15.9                  | 12.4 | 12.6 |
| Not reported              |      | 1                       | 4     | -     | 24.5                  | 10.9 | -    |
| Total                     |      | 2 118                   | 2 068 | 2 357 | 24.7                  | 20.0 | 19.9 |

Source: PUF of the Labour Force Survey, October round, various years

**Figure 5: Employment rates of male and female youth, 1988– 2006**



Source: PUF of the Labour Force Survey- October rounds, various years

### 1.5 Youth unemployment

As earlier discussed, unemployment in the Philippines is a problem that affects the young in a disproportionate manner since the youth comprises nearly two-thirds of the total unemployed. From only 1.28 million in 1988, the number of young unemployed doubled to 2.4 million in 2006. In 2006, the youth to adult unemployment ratio stood at 3.1:1 meaning that young people were three times more likely to become unemployed compared to adults. The youth-adult unemployment ratio reached a peak of 3.2 in 1989 and 2002. The only comforting fact that comes with it is that the country’s youth-to-adult unemployment ratio is still lower than the global average (Figure 5). The global ratio stood at 3.1 in 1993 and increased further to 3.5 in 2003.

### 1.6 Profiling the jobless: who are the unemployed?

Unemployment prospects across groups of youth have displayed a fairly consistent pattern across the years although over the past decade these rates have been increasing upwards. Consistently posting the lowest unemployment rates are the more mature, more experienced, and presumably job-stability conscious cohort of 25 to 30 years old. Teenagers follow them, albeit at an average gap of six percentage points. Young people aged 20–24 posted the highest unemployment rates across youth groups.

Young women are at greater risk of unemployment compared to their male counterparts. Again, family responsibilities play a key factor. Most of the time, young women are forced to leave their jobs to attend to responsibilities that are traditionally assigned to women. These include taking care of siblings or sick family members, giving birth and subsequent child rearing. Furthermore, young women, while performing these roles often lose contact with relevant information networks rendering it more difficult to reintegrate into the labour market at a later time (Table 1-13).

**Table 1-13: Unemployment rates by age, gender, location, and educational level, 1988, 1996, and 2006**

| Category                         | 1988 | 1996 | 2006 |
|----------------------------------|------|------|------|
| Total unemployment rate          | 13.0 | 12.2 | 17.0 |
| <u>By age</u>                    |      |      |      |
| 15 to 19 yrs old                 | 14.0 | 13.6 | 18.2 |
| 20 to 24 yrs old                 | 15.9 | 15.2 | 22.6 |
| 25 to 30 yrs old                 | 9.8  | 8.9  | 12.0 |
| <u>By gender</u>                 |      |      |      |
| Male                             | 11.4 | 11.0 | 15.9 |
| Female                           | 15.9 | 14.5 | 18.8 |
| <u>By location</u>               |      |      |      |
| Urban                            | 18.8 | 15.6 | 22.6 |
| Rural                            | 9.1  | 9.1  | 13.6 |
| <u>By educational attainment</u> |      |      |      |
| No grade completed               | 7.4  | 11.2 | 16.6 |
| Elementary undergraduate         | 6.3  | 5.9  | 8.1  |
| Elementary graduate              | 8.3  | 7.8  | 8.6  |
| High School undergraduate        | 11.8 | 11.5 | 14.0 |
| High School graduate             | 16.1 | 13.5 | 18.9 |
| College undergraduate            | 19.5 | 17.7 | 23.6 |
| College graduate                 | 20.6 | 17.6 | 22.4 |

Source: PUF of the Labour Force Survey, October 1988, 1996, and 2006

Youth unemployment also has a geographical dimension in the sense that it is generally higher in urban areas than in the rural ones. However, as earlier discussed, the low rural unemployment rates are masked by a significant level of underemployment.

In 2006, the more urbanized regions of the country such as the National Capital Region (NCR), Calabarzon and the Central Visayas posted the highest unemployment rates of 27 per cent, 19.6 per cent and 19.0 per cent respectively (Table 1-14). Areas, such as Cagayan Valley, Zamboanga, and CARAGA posted the lowest rates at 8.6 per cent, 9.2 per cent and 10.3 per cent, respectively. The high urban unemployment rate is further exacerbated by rural-to-urban migration. The general perception that more jobs and opportunities are available in the urban areas induces rural youth to migrate to the cities. Only later do they find out that jobs are actually hard to find especially with their limited skills and social networks.

**Table 1-14: Youth unemployment rates by region, October 2006 (per cent)**

| Region                               | Both sexes | Male | Female |
|--------------------------------------|------------|------|--------|
| Region I – Ilocos                    | 15.8       | 14.0 | 19.9   |
| Region II - Cagayan Valley           | 8.6        | 7.7  | 10.6   |
| Region III - Central Luzon           | 18.3       | 17.7 | 19.5   |
| Region V – Bicol                     | 13.6       | 11.5 | 18.3   |
| Region VI – Western Visayas          | 16.0       | 14.4 | 19.1   |
| Region VII – Central Visayas         | 19.0       | 18.9 | 19.1   |
| Region VIII – Eastern Visayas        | 14.4       | 11.3 | 20.5   |
| Region IX - Zamboanga                | 9.2        | 8.3  | 11.4   |
| Region X – Northern Mindanao         | 12.1       | 10.2 | 14.9   |
| Region XI – Davao                    | 13.5       | 12.0 | 16.2   |
| Region XII - SOCCKSAR                | 11.9       | 10.9 | 13.8   |
| National Capital Region              | 27.0       | 27.9 | 25.9   |
| Cordillera Administrative Region     | 11.2       | 10.6 | 12.2   |
| Autonomous Region in Muslim Mindanao | 11.8       | 8.7  | 21.1   |
| Caraga                               | 10.3       | 8.7  | 13.4   |
| Region IVA - CALABARZON              | 19.6       | 21.1 | 17.7   |
| Region IVB - MIMAROPA                | 11.9       | 10.4 | 14.6   |
| Total                                | 17.0       | 15.9 | 18.9   |

Source: PUF of the Labour Force Survey, October 2006

A disturbing feature of the youth labour market is the high incidence of unemployment among those with higher educational attainment. In 2006, college graduates posted an unemployment rate of 22.4 per cent, which means that one out of four finds themselves without work despite having a college diploma. This is disturbing because it implies wastage of opportunities not only on the individual level, but also from a macroeconomic perspective. Underutilization of college graduates indicates missed opportunities for the country in the use of better-educated human resource, a crucial asset for economic development.

Another alarming observation is the significant number of young people discouraged by an unsuccessful job search. Although the proportion significantly declined in the year 2006 compared to previous years, more than half of the unemployed still did not bother to look for work. When asked their reason, most answered that they believed no work was available. This pessimistic perception of the labour market remains even during periods of substantial growth of the domestic economy (Table 1-15). In 1996 and 2006 for instance, the GDP growth rates hit 5.8 per cent and 5.5 per cent respectively, but the belief that no work was available continued to be the main reason why the youth gave up on their job search.

**Table 1-15: Responses to survey on youth initiative to look for work, October 2006**

| Survey question                               | Year | Levels (in '000) |      |       | Proportion (in per cent) |      |      |
|---|------|------------------|------|-------|--------------------------|------|------|
|   |      | 1988             | 1996 | 2006  | 1988                     | 1996 | 2006 |
| <b>Did you look for work?</b>                 |      |                  |      |       |                          |      |      |
| Yes   |      | 496              | 507  | 1 060 | 38.6                     | 35.3 | 43.7 |
| No  |      | 789              | 929  | 1 367 | 61.4                     | 64.7 | 56.3 |
| <b>Why did you not look for work?</b>         |      |                  |      |       |                          |      |      |
| Believe no work available                     |      | 428              | 104  | 398   | 54.2                     | 66.8 | 29.1 |
| Awaiting results of previous job applications |      | 73               | 18   | 277   | 9.3                      | 11.6 | 20.2 |
| Temporary illness/disability                  |      | 106              | 4    | 152   | 13.4                     | 2.5  | 11.1 |
| Bad weather                                   |      | 35               | 2    | 12    | 4.5                      | 1.1  | 0.9  |
| Wait for rehire/job recall                    |      | 51               | 13   | 216   | 6.5                      | 8.3  | 15.8 |
| Others  |      | 96               | 13   | 312   | 12.2                     | 8.4  | 22.8 |

Source: PUF of the Labour Force Survey, October 1988, 1996, and 2006

Interventions on how to integrate effectively these marginalized young people should be high on the youth employment agenda as various studies point to severe scarring effects of exclusion from the labour market in early adult years.

The proportion of discouraged young workers is highest among younger cohorts (15–19 age group) and among males. Disaggregated by educational attainment, it is noteworthy that the highest proportion (33 per cent) of discouraged workers is found among high school graduates (Table 1-16).

The proportion drastically declines to seven per cent for college graduates, accurately reflecting the perceived notion of young people that only a college degree will help them land a decent job and without such, the chances of being employed are highly unlikely.

## 1.7 Job search method

Those who actually looked for work preferred either to make a direct approach to potential employers or an approach through their friends and relatives. While recent government efforts to assist jobseekers through public employment service offices (PESOs) seem to have been paying off, registering in them remains the least preferred method of young people in seeking work. Nevertheless, reliance on family and friends significantly declined from 1988 to 2006 (Table 1-17).

**Table 1-16: Discouraged workers by age, sex, and educational attainment, 1988, 1996, and 2006**

| Category of worker            | Year | Number (in '000) |            |            | Proportion (in per cent) |              |              |
|-------------------------------|------|------------------|------------|------------|--------------------------|--------------|--------------|
|                               |      | 1988             | 1996       | 2006       | 1988                     | 1996         | 2006         |
| <b>By age group</b>           |      |                  |            |            |                          |              |              |
| 15 to 19                      |      | 55               | 45         | 155        | 39.1                     | 38.0         | 38.8         |
| 20 to 24                      |      | 53               | 44         | 149        | 37.2                     | 37.7         | 37.3         |
| 25 to 30                      |      | 34               | 29         | 95         | 23.7                     | 24.3         | 23.8         |
| <b>Gender</b>                 |      |                  |            |            |                          |              |              |
| Male                          |      | 67               | 53         | 268        | 47.2                     | 45.2         | 67.3         |
| Female                        |      | 75               | 64         | 131        | 52.8                     | 54.8         | 32.9         |
| <b>Educational attainment</b> |      |                  |            |            |                          |              |              |
| No grade completed            |      | 2                | 1          | 3          | 1.1                      | 0.9          | 0.8          |
| Elementary undergraduate      |      | 13               | 8          | 45         | 8.9                      | 6.6          | 11.3         |
| Elementary graduate           |      | 26               | 9          | 32         | 18.1                     | 7.7          | 8.0          |
| High school undergraduate     |      | 20               | 25         | 80         | 14.1                     | 21.3         | 20.1         |
| High school graduate          |      | 48               | 40         | 145        | 33.9                     | 34.0         | 36.3         |
| College undergraduate         |      | 19               | 23         | 64         | 13.7                     | 19.6         | 16.1         |
| College graduate              |      | 13               | 11         | 30         | 9.5                      | 9.2          | 7.4          |
| Not reported                  |      | 1                | 1          |            | 0.6                      | 0.9          | 0.0          |
| <b>Total</b>                  |      | <b>142</b>       | <b>118</b> | <b>398</b> | <b>100.0</b>             | <b>100.0</b> | <b>100.0</b> |

Source: PUF of the Labour Force Survey, October 1988, 1996, and 2006

**Table 1-17: Preferred job search methods of the youth**

| By job search method                    | Year | Number (in '000) |            |              | Proportion (in per cent) |              |              |
|---|------|------------------|------------|--------------|--------------------------|--------------|--------------|
|   |      | 1988             | 1996       | 2006         | 1988                     | 1996         | 2006         |
| Registered in public employment agency  |      | 13               | 13         | 48           | 2.7                      | 2.7          | 4.5          |
| Registered in private employment agency |      | 52               | 46         | 191          | 10.5                     | 9.2          | 18.1         |
| Approached employer directly            |      | 202              | 210        | 429          | 40.7                     | 41.5         | 40.5         |
| Approached relatives or friends         |      | 184              | 191        | 301          | 37.2                     | 37.8         | 28.4         |
| Placed or answered advertisements       |      | 38               | 41         | 80           | 7.7                      | 8.1          | 7.6          |
| Others                                  |      | -                | 4          | 11           | 1.3                      | 0.8          | 1.0          |
| <b>Total</b>                            |      | <b>496</b>       | <b>507</b> | <b>1 060</b> | <b>100.0</b>             | <b>100.0</b> | <b>100.0</b> |

Source: PUF of the Labour Force Survey, October 1988, 1996, and 2006

An apparent improvement in the job search trend of the youth is seen in a decline in the average number of weeks spent looking for work. From an average of 15.7 weeks or four months in 1988, the waiting time went down to seven weeks in 2006.

## 2 Understanding youth unemployment

Several factors account for the continuous increase in the number of unemployed in the Philippines. Herrin and Pernia (2003) attribute it to the oversupply of labour resulting from the country's high fertility rates, as well as to the failure of the economy to generate enough employment because of its low real growth.

However, in recent years, higher growth rates have been registered, yet the jobless rate continued to rise. This suggests that there may be a structural problem, more specifically, a job-skills mismatch in the labour market (ILS-DOLE, 2003).

### 2.1 Unemployment and output expansion trends

Output growth along with its effect on labour market outcomes is two-pronged. Output growth can increase employment and/or increase wages. Canlas et al. (2006) explored this and found that employment growth dominates the disaggregation of GDP growth, and that increases in wages were minimal. They attribute this to the dismal growth of labour productivity.

Canlas rightly argues that labour productivity can be further deconstructed into two components, *labour-capital ratio* and *total factor productivity* (TFP), which pertain to the efficient use of labour and capital. It must be noted that on both accounts, the country is not doing well. Capital, still too scarce

despite investment liberalization and is being distributed among an ever growing number of people owing to inconsistent if not, non-existent population policy.

TFP, which is closely linked to technological innovation and which increases returns to both capital and labour, has been disappointing. This is attributed to the scarcity of highly educated individuals and inappropriate trade and industrial policies.<sup>9</sup> There also appears to be a trend towards younger people seeking work overseas.

Despite the dominance at the policy level of employment creation rather than increased wage income, the overall employment situation has not improved. Unemployment is rising for both adults and young people. Could we then be entering a phase of low employment creation overall but relatively high incomes for those who are employed?

In short, when GDP is disaggregated to account for contributions to employment and labour income, the disaggregated data suggests we may be entering the phase that Canlas et al. would see as a reversal of the dominance of employment growth. This is an issue that should be further explored but is beyond the scope of this paper.

## **2.2 Unemployment and the jobs/skills mismatch problem**

How can it be that the youth cohort is registering an increased participation in education and yet exhibiting increasing unemployment rates during periods of substantive growth of the domestic economy? A mismatch between jobs available and skills generated by the education and training sector seems to be a significant cause of youth unemployment.

Rodolfo's forthcoming study of the business outsourcing boom in the country seems to sum up the situation regarding the problem of the outsourcing companies in finding qualified people. That study shows that the so-called "hit rate" of call centres (or the number of qualified hires out of the total number of applicants) was at a low of 1.6 per cent, while for general business process outsourcing, it has remained at a stable 10 per cent. The problem stems from the lack of needed skills to fill vacancies. With the projected target of one million workers in the industry by 2010, a two per cent hit rate means having to process 20 million applicants, an absurd number. Actual industry statistics are hard to come by; perhaps, it is more meaningful to note that the Philippines continues to expand its global market share and is now considered the third leading source of BPO services in the world (after India and China). The Philippines accounted for 6.7 per cent of global revenue in this industry in 2008 and 6.9 per cent by the end of 2009.

Related to the foregoing, a 1998 study conducted by the Personnel Management Association of the Philippines (PMAP) among human resource senior personnel and a more recent survey conducted by the Philippine DOLE among employers who used the PhilJobnet for their hiring requirements has shown consistently that while there have been many applicants for each potential job, most applicants fail to pass the required screening exams and interviews due to poor communication skills and lack of other specialist skills required for the job.

These results imply that the increased participation of young people in education and training has not necessarily led to an increase in skills. One of these basic skills is the ability to communicate effectively, which educational institutions have failed to teach to a sufficient level of mastery.

Further exacerbating this lack of overall skill level is the presence of a jobs-skills mismatch. In their unemployment study of 2003, the ILS reported that there is an under-subscription in some priority courses and oversupply of graduates in others. This is one reason why many young people, despite having attained higher educational qualifications, end up being unemployed.

According to Esguerra et al (2005), it is also possible that the mismatch problem may be informational in nature and that improving the quality of job search may eventually reduce unemployment. It must be emphasized though that bridging the mismatch is not only a requirement during the job search phase. It

<sup>9</sup> For further readings on TFP, labour market outcomes and growth, kindly see Solow, 1957; Acemoglu, 2002; Barro and Sala-i-Martin, 2003; Easterly, 2004 among others.

begins with young people, together with their parents, investing in an appropriate course of educational training (vocational, university-level, or skills training/course) and quality best fits the jobs that are available or the jobs that will become available and, of course, the ability and resources of the student.

Having a well-functioning labour market information system that will serve as a guide for individual investment decisions in skills acquisition becomes an imperative in solving the problem of youth unemployment. The market has already signalled that, if the number of suitable applicants is there, the BPO industry for one can continue to expand at a rapid pace and make a meaningful impact on overall youth unemployment levels.

## 2.3 Migrant youth

Given the dismal state of employment in the country, more and more young people are opting to work overseas. In the 2005 Survey on Overseas Filipinos (NSO), those below 30 years old accounted for more than one third (35.5 per cent) of the total number of Filipinos working abroad (Table 2-1), a significant increase from 31 per cent in 2003.<sup>10</sup>

**Table 2-1: Percentage distribution of overseas Filipino workers by age group, 2005**

| Cohort      | 2003  | 2004  | 2005  |
|-------------|-------|-------|-------|
| Philippines | 100.0 | 100.0 | 100.0 |
| 15 to 24    | 9.7   | 11.6  | 10.7  |
| 25 to 29    | 21.3  | 20.6  | 24.6  |
| 30 to 34    | 21.3  | 19.7  | 19.8  |
| 35 to 39    | 16.9  | 16.4  | 15.0  |
| 40 to 44    | 13.1  | 13.7  | 12.8  |
| 45 and over | 17.7  | 18.1  | 17.1  |

*Source: NSO Survey on Overseas Filipinos, 2003–2005*

In the 2006 LFS, migrant youth in their prime age of 25 to 29 years again predominated suggesting that young people are choosing to work overseas immediately upon completing their education. Young women account for 60 per cent of total young migrants, a clear reflection of the growing feminization of migration. The higher educated are also the ones leaving, contributing further to the brain drain experience of the country. Since most migrants are college graduates, there is also probability danger of deskilling taking place within the Philippines. The next section on LGU survey results also touches on the issue of youth migration and how young people from these survey areas would rather work abroad than in the Philippines.

## 3 Results from LGU surveys

This section is intimately linked to issues identified in the previous sections. However, due to the manner upon which the data was gathered, this section is separated from the rest of the discussion.

### 3.1 A note on the methodology

The data used for this section was gathered and compiled by TNS from seven of the eight partner localities of ILO for pilot projects on employment-related strategies. Angono was not included in data as the questionnaire was structured differently from those used for the other seven areas. The data that follows is generated using percentage distributions for each pilot area and weights were applied to account for variations in the distribution of the youth populations in the seven areas (Table 3-1).

Not all results are able to be tabulated as a substantial portion of the available data cannot be disaggregated by gender and age group due to sample size limitations, particularly for youth subsection responses (i.e. unemployed, etc).

<sup>10</sup> See for example <http://www.census.gov.ph/data/pressrelease/2006/of05tx.html> (accessed 28 September 2009).

**Table 3-1: Applied weights to ILO-TNS youth employability survey results**

| Surveyed area  | Population | Sample | Weight |
|----------------|------------|--------|--------|
| Marikina City  | 389 765    | 200    | 19.18  |
| La Castellana  | 59 083     | 200    | 2.91   |
| Concepcion     | 34 234     | 200    | 1.68   |
| Guimaras       | 141 222    | 500    | 6.95   |
| Dumaguete City | 101 620    | 200    | 5.00   |
| Cotabato City  | 161 517    | 200    | 7.95   |
| Davao City     | 1 145 033  | 200    | 56.34  |
| Total          | 2 032 474  | 1 700  | 100.00 |

Source: Authors' computation using results of ILO-commissioned TNS survey data

### 3.2 Opinions/Aspirations on training and education

Most youth (70.5 per cent) want to pursue further education or additional training (39.7 per cent). Males, aged 13-24, and students/working students show greater yearning than their female counterparts (Table 3-2 and Table 3-3).

**Table 3-2: Q. Whether they want to pursue further education (in per cent of respondents)**

| Reply | Total | Gender |        | Age group |       | Working status   |                    |            |                |
|-------|-------|--------|--------|-----------|-------|------------------|--------------------|------------|----------------|
|       |       | Male   | Female | 13-24     | 25-30 | Student          | Employed           | Unemployed |                |
|       |       |        |        |           |       | Full and working | Wage/Self-employed | Job seeker | Non-job seeker |
| Yes   | 70.5  | 73.2   | 67.7   | 82.2      | 37.6  | 98.8             | 48.6               | 62.1       | 53.5           |
| No    | 29.5  | 26.8   | 32.1   | 17.8      | 62.2  | 1.2              | 51.0               | 37.9       | 46.5           |

Source: Authors' computation using results of ILO-commissioned TNS survey data

Note: According to our survey data, young people displayed substantial discontent with their current level of training.

Four out of ten young people wanted to pursue other training beyond what they now have. Unemployed job seekers were the most discontented group registering a "yes" response rate of 62.1 per cent

**Table 3-3: Q. Whether they want to pursue additional training (in per cent)**

| Reply | Total | Gender |        | Age group |       | Working status   |                    |            |                |
|-------|-------|--------|--------|-----------|-------|------------------|--------------------|------------|----------------|
|       |       | Male   | Female | 13-24     | 25-30 | Student          | Employed           | Unemployed |                |
|       |       |        |        |           |       | Full and working | Wage/self-employed | Job seeker | Non-job seeker |
| Yes   | 39.7  | 38.3   | 41.1   | 40.4      | 37.4  | 34               | 46.9               | 54.6       | 35.5           |
| No    | 60.3  | 61.7   | 58.9   | 59.6      | 62.6  | 66               | 53.1               | 45.5       | 64.5           |

Source: Authors' computation using results of ILO-commissioned TNS survey data

Young peoples' perception of the minimum level of education required to get a decent job/livelihood is indicative of their opinion on the importance of education in determining success in the labour market. Ninety four per cent of young people believe that at least finishing college is required to get a decent source of livelihood. However, only 86.5 per cent expect to attain this in the future. But, as education statistics show us, a lot less than that actually finish college (Table 3-4 and Table 3-5).

**Table 3-4: Level of education considered necessary to obtain a decent job/livelihood (in per cent)**

| Desired educational level | Per cent distribution |
|---------------------------|-----------------------|
| Elementary                | 0.1                   |
| High school               | 4.1                   |
| Vocational                | 1.6                   |
| College                   | 91.9                  |
| Post-graduate             | 2.2                   |
| Depends on the person     | 0.1                   |

Source: Authors' computation using results of ILO-commissioned TNS survey data

**Table 3-5: Expectations—highest level of education expected to be attained in the future (per cent of respondents)**

| Education     | Total | Gender |        | Age group |       | Working status   |                    |            |                |
|---------------|-------|--------|--------|-----------|-------|------------------|--------------------|------------|----------------|
|               |       | Male   | Female | 13–24     | 25–30 | Student          | Employed           | Unemployed | Unemployed     |
|               |       |        |        |           |       | Full and working | Wage/Self-employed | Job seeker | Non-job seeker |
| Elementary    | 0.3   | 0.3    | 0.3    | 0.4       | 0.2   | 0.5              | 0.0                | 0.4        |                |
| High school   | 6.9   | 7.7    | 6.2    | 6.4       | 7.6   | 1.8              | 11.4               | 3.9        | 11.6           |
| Vocational    | 6.2   | 7.0    | 5.4    | 5.8       | 6.8   | 1.3              | 10.0               | 9.1        | 8.5            |
| College       | 80.4  | 79.8   | 81.0   | 83.1      | 74.2  | 88.6             | 69.1               | 79.5       | 79.0           |
| Post-graduate | 6.1   | 5.0    | 7.2    | 4.4       | 10.8  | 8.0              | 8.9                | 7.0        | 0.5            |
| None          | 0.1   | 0.2    | 0.0    | 0.0       | 0.3   | 0.0              | 0.0                | 0.5        | 0.0            |

Source: Authors' computation using results of ILO-commissioned TNS survey data

In assessing the usefulness of the level of education that they attained, young people feel that their education is either very useful or somewhat useful with an overall index score of 3.3 in a scale of one to four<sup>11</sup> (Table 3-6).

**Table 3-6: Usefulness of education to current job (per cent of employed)**

| Scale of usefulness of education to current job | Per cent distribution |
|---|-----------------------|
| Very useful                                     | 42.6                  |
| Somewhat useful                                 | 43.6                  |
| Top 2-  | 86.1                  |
| Somewhat not useful                             | 10.0                  |
| Definitely not useful                           | 3.8                   |
| Index   | 3.3                   |

Source: Authors' computation using results of ILO-commissioned TNS survey data

More than 70 per cent of all young people surveyed have previously received some training. Their valuation of the usefulness of the training to their current job is again 3.3 in an index range of 1–4, with 4 as the highest level of usefulness. About one of every five young people claimed to have actually received training specifically for their current job or business (Table 3-7).

Among those who had already received training, they found it to be very useful with an index score of 3.7 out a four-point scale. The majority of the training was conducted and paid for by the employer (Table 3-8 to Table 3-11).

**Table 3-7: Usefulness of past training in getting current job (per cent of employed)**

| Scale of usefulness of past training | Per cent distribution |
|--------------------------------------|-----------------------|
| Very useful                          | 19.5                  |
| Somewhat useful                      | 18.6                  |
| Top 2                                | 38.9                  |
| Somewhat not useful                  | 16.8                  |
| Definitely not useful                | 4.5                   |
| Did not receive any training         | 27.2                  |
| Index                                | 3.3                   |

Source: Authors' computation using results of ILO-commissioned TNS survey data

**Table 3-8: Whether or not training was received for current job or business among the employed and self-employed (in per cent)**

| Whether training was received | Per cent distribution |
|-------------------------------|-----------------------|
| Yes                           | 20.8                  |
| No                            | 79.2                  |

Source: Authors' computation using results of ILO-commissioned TNS survey data

<sup>11</sup> Respondents were asked to assess usefulness of trainings and education using a scale of 1-4, four meaning very useful. The 'top two box' response is simply the sum of 'useful' and 'very useful' responses.

**Table 3-9: Usefulness of training to current job, among the employed (in per cent)**

| Usefulness of training to current job | Per cent distribution |
|---------------------------------------|-----------------------|
| Top 2 results                         | 99.0                  |
| Very useful                           | 80.5                  |
| Somewhat useful                       | 18.5                  |
| Somewhat not useful                   | 1.1                   |
| Definitely not useful                 | 0.0                   |
| Index                                 | 3.7                   |

Source: Authors' computation using results of ILO-commissioned TNS survey data

**Table 3-10: Training provider, among those who received training (in per cent)**

| Training provider                   | Per cent distribution |
|-------------------------------------|-----------------------|
| Employer                            | 60.9                  |
| Government training institution     | 23.0                  |
| Private sector training institution | 16.1                  |

Source: Authors' computation using results of ILO-commissioned TNS survey data

**Table 3-11: Training financier, among those who received training (in per cent)**

| Training financier | Per cent distribution |
|--------------------|-----------------------|
| My employer        | 68.0                  |
| The government     | 14.5                  |
| Myself             | 14.8                  |
| Others             | 2.7                   |

Source: Authors' computation using results of ILO-commissioned TNS survey data

### 3.3 Incentive to work

Remittance receipts can affect the need and/or yearning to work. The interesting result from the LGU surveys is that unemployed, non-job seekers have higher than average rates of remittance receipts than other groups. This suggests that remittance income can act as a disincentive to work (Table 3-12).

However, it is interesting that when asked to comment on the sufficiency of remittances to the families needs, unemployed non-job seekers posted higher responses to the effect that the remittance were inadequate to meet the family's needs than employed job-seekers (Table 3-13).

**Table 3-12: Whether family receives remittance income (per cent of respondents)**

| Reply | Total | Gender |      | Age group |       | Working status   |                    |            |                |
|-------|-------|--------|------|-----------|-------|------------------|--------------------|------------|----------------|
|       |       | M      | F    | 13-24     | 25-30 | Student          | Employed           | Unemployed |                |
|       |       |        |      |           |       | Full and working | Wage/Self-employed | Job seeker | Non-job seeker |
| Yes   | 21.5  | 24.5   | 18.5 | 21.62     | 21.3  | 20.6             | 19.8               | 21.9       | 24.7           |
| No    | 78.5  | 75.5   | 81.5 | 78.4      | 78.7  | 79.4             | 79.1               | 78.1       | 75.2           |

Source: Authors' computation using results of ILO-commissioned TNS survey data

**Table 3-13: Whether remittance receipts are sufficient to meet family needs (per cent of respondents)**

| Reply                         | Total | Gender |      | Age group |       | Working status   |                    |            |                |
|-------------------------------|-------|--------|------|-----------|-------|------------------|--------------------|------------|----------------|
|                               |       | M      | F    | 13-24     | 25-30 | Student          | Employed           | Unemployed |                |
|                               |       |        |      |           |       | Full and working | Wage/self-employed | Job seeker | Non-job seeker |
| More than enough              | 4.3   | 4.0    | 4.8  | 4.5       | 3.4   | 3.1              | 9.6                | 1.6        | 1.9            |
| Enough to meet family's needs | 80.4  | 78.3   | 82.2 | 79.6      | 81.9  | 80.5             | 73.7               | 85.9       | 82.5           |
| Not enough to meet needs      | 15.4  | 17.8   | 13.2 | 15.9      | 14.7  | 16.5             | 16.7               | 9.6        | 15.6           |

Source: Authors' computation using results of ILO-commissioned TNS survey data

### 3.4 Some identified challenges

#### 3.4.1 Reproductive and economic reasons lead to school drop-outs

The survey also provided information on the reasons why young people stop attending school. The top reason was inability to afford schooling. This reason accounted for more than half of all drop outs, while getting pregnant and getting married accounted for around four per cent each. These responses have serious repercussions for education and reproductive health policies.

#### 3.4.2 Majority of the young people surveyed would rather work abroad

Faced with the possibility of better pay at any skill level, moving out of the country for work is viewed as a better option for 54.9 per cent of young people (Table 3-14). This should be a real cause for concern.

#### 3.4.3 Most young people don't have written contracts

Three out of every five young people do not have written contracts for their current job (Table 3-15). Contracts are important in specifying work parameters, responsibilities, pay, benefits, among other things.

**Table 3-14: Preference of respondents to work abroad (per cent of respondents)**

| Reply on working abroad              | Per cent distribution |
|--------------------------------------|-----------------------|
| Would rather work abroad             | 54.9                  |
| Would rather work in the Philippines | 44.9                  |
| Can't say                            | 0.2                   |

*Source: Authors' computation using results of ILO-commissioned TNS survey data*

A written contract provides workers with a clear understanding of job responsibilities and rights that provide them with a proof of their agreement with their employers. This is very important in addressing the natural power imbalance between employer and employee. Particularly, vulnerable from this perspective are young women and the younger cohort.

**Table 3-15: Whether young people have written contracts in their current employment (percentage of respondents)**

| Reply on written contracts    | Total | Gender |        | Age group |       |
|-------------------------------|-------|--------|--------|-----------|-------|
|                               |       | Male   | Female | 13-24     | 25-30 |
| There was written contract    | 38.5  | 38.2   | 37.7   | 33.4      | 42.7  |
| There was no written contract | 61.7  | 61.3   | 63.5   | 66.0      | 58.3  |

*Source: Authors' computation using results of ILO-commissioned TNS survey data*

### 3.5 Notes on self-employment among young people

Not all young people are suited to, or are interested in, wage employment. Some would rather work for themselves. However, self-employment is a rather broad definition as an occupation; it includes an entire range of occupations and skills, from informal street vendors through sole-proprietorship entrepreneurs working in the formal sector (some of whom can be major employers in their own right), to professionals working as consultants. In most instances however, in the context of our survey, self-employment carries the implication of work by oneself and in the informal sector.

In the seven areas surveyed, the main reason cited for being self-employed is that of independence—"not answering to a boss" (Table 3-16). However, a significant proportion of young people engage in self-employment out of need. Among this group, 13.7 per cent cite the inability to find wage employment as their reason for getting into self-employment and 7.9 per cent cite not finishing high school as their reason for being unemployed.

**Table 3-16: Reasons for being self-employed**

| Reasons for being self-employed | Per cent distribution |
|---------------------------------|-----------------------|
| No boss                         | 37.9                  |
| Could not find a job            | 13.7                  |
| Did not finish high school      | 7.9                   |
| Higher Income level             | 8.8                   |
| Others                          | 31.7                  |

Source: Authors' computation using results of ILO-commissioned TNS survey data

Also, one cannot expect significant onward employment generation from young people engaged in self-employment activities. Only one of every 20 self-employed youth have paid employees with 90 per cent of them not requiring any help at all (Table 3-17).

**Table 3-17: Employment created for others among self-employed youth**

| Whether they had employees | Per cent distribution |
|----------------------------|-----------------------|
| With paid employees        | 5.1                   |
| With unpaid employees      | 7.0                   |
| No help, working alone     | 90.0                  |

Source: Authors' computation using results of ILO-commissioned TNS survey data

Self-employment is mostly financed by the young person's savings or the family's savings, leaving loans from third party creditors with a 23.7 per cent share of the total (Table 3-18).

**Table 3-18: Source of financing among self-employed youth**

| Source of financing               | Per cent distribution |
|-----------------------------------|-----------------------|
| Own savings                       | 47.8                  |
| No money needed                   | 7.6                   |
| Savings of other family members   | 20.9                  |
| Loans from banks, suppliers, etc. | 23.7                  |

Source: Authors' computation using results of ILO-commissioned TNS survey data

### 3.6 "Choosy" job-seekers?

Seven of every 10 unemployed job-seeking youth have not refused a job offer. About two-thirds of those who have refused an offer cited issues with offered wages or the mismatch between skill level of the applicant and the qualification required by the job (Table 3-19).

**Table 3-19: Response of youth as to whether they had refused a job offer or not, among unemployed job-seekers**

| Reply as to whether they refused a job offer or not | Per cent distribution |
|---|-----------------------|
| Yes   | 28.8                  |
| Wages offered were too low                          | 9.4                   |
| Work would not match my level of qualifications     | 9.6                   |
| Other reasons                                       | 9.8                   |
| No  | 71.2                  |

Source: Authors' computation using results of ILO-commissioned TNS survey data

### 3.7 Youth perception of gender equality

Young people do not generally perceive gender inequality to be a feature of the labour market. A majority of the youth think that in their current job, men and women have equal opportunities (Table 3-20). Quite interestingly, the remainder are almost evenly divided in their choice of answer with 23.7 per cent thinking that men have greater opportunities while 21.6 per cent think women have greater opportunities. Only 1.3 per cent expressed no opinion.

**Table 3-20 Perceptions of gender equality in current job**

| Perception of gender equality         | Per cent distribution |
|---------------------------------------|-----------------------|
| Equal opportunities for women and men | 53.4                  |
| Greater opportunities for men         | 23.7                  |
| Greater opportunities for women       | 21.6                  |
| Can't say                             | 1.3                   |

*Source: Authors' computation using results of ILO-commissioned TNS survey data*

## **4 Summary and policy implications**

### **4.1 Favourable features and changes in the labour market**

From the foregoing discussions, it is clear that there are some positive features and changes that have been developing in the youth labour market.

Firstly, the nature and class of employment seems to be improving for young people as manifested by the decline in the proportion of daily-based contracts and unpaid family workers (Table 1-7). Secondly, there is no discernable gender bias; young women seem to be no worse off than young men. Indeed, females have lower underemployment rates than males (Table 1-9). Results from the LGU surveys on perceptions of gender disparity fail to support the assertion that there is severe labour market gender discrimination (Table 3-20). Thirdly, while the Philippines registered a high youth-adult unemployment ratio of 3.1, it is still low by regional and global standards.

Another positive aspect of the youth labour market is that the opportunity to obtain labour market information via public employment agencies has been improving and gaining in popularity (although its reach is still very limited). Furthermore, the average number of weeks spent looking for work appears to be getting shorter.

### **4.2 Some labour market patterns of concern**

On the other hand, there are also a number of matters of concern to be addressed.

First, unemployment for both the youth as well as for adults is on the increase and this has occurred during a period of substantial economic growth.

Second, a significant proportion of the young female population has been excluded from the labour force because of traditional responsibilities.

Third, the employment situation of many young people is precarious; they are mostly in low-paid jobs where social security benefits and legal protection are often non-existent. Policy makers should address this issue as a matter of urgency.

Fourth, a significant number of the unemployed did not even look for work, with about 40 per cent of them thinking that there is no work available (2006 data).

Fifth, the incidence and rate of unemployment increases as the level of educational attainment gets higher. This is suggestive of a serious mismatch between the demands of the workplace and the skills being taught in the educational institutions.

Finally, in the absence of any fundamental change in local conditions, the migration of young people overseas is likely to continue and this has consequent social costs. Results from LGU surveys show that a majority of young people would rather work abroad than in the Philippines. This does not augur well for the future of the Philippines unless longer-term industrial policies can be implemented that would result in greater employment opportunities at home and which would attract these people to stay or return with added skills.

### **4.3 Other interesting observations**

From the LGU surveys in the seven pilot areas, three further interesting observations can be made.

Firstly, self-employment of young people does not create a substantial number of additional jobs for the economy as only five per cent of them employ paid workers. Most of the business activity generated is in the form of micro business in the informal sector.

Secondly, receiving remittances seem to be a disincentive for many to obtaining work and looking for gainful employment.

Finally, youth perception on gender equality in the labour market seems to support the position that there are (more or less) equal opportunities for both men and women. This is a positive signal.

### **4.4 Recommendations**

In light of the trends and issues identified in this study, it is clear that policy makers must make provision of quality education and training the top priority in their youth policy agenda. Equipping the youth with the right set of skills and knowledge will enable them to secure decent employment and minimize their risk of drifting into the informal sector with little protection and prospects.

Self-employment is a viable option for young people as they are known to have great creativity, lots of energy and untapped talents, but issues on financing and honing their entrepreneurial skills need to be addressed. There is a clear danger that self-employment may mean a drift into the informal sector. Training young women, in particular, for home-based work will enable them to participate in the labour market while satisfying their traditional roles of looking after the children and attending to the home.

The youth should also be made aware that job opportunities do exist, and this could be done by enhancing labour market data and information. The PESO should take a more proactive role in this quest as they are in every province, key city and other strategic areas of the country. Local government units need to be “energized” to recognize the specific needs of their young people.

The jobs-skills mismatch can be addressed by improving current programmes on career guidance. Ensuring gainful employment is available within the Philippines appears to be the only way to curb the tendency of the youth to work overseas.

Finally, labour market statistics are very powerful tools for assessing the plight of young people in the labour market and thus, this needs to be continually monitored and analyzed. There may be a case for reviewing the data collection set to ensure sufficient disaggregated information is available for policy planning purposes.

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## 6 Other data sources and documents consulted

National Statistics Office

Department of Education

National Statistical Coordination Board

ILO SRO-Manila: Youth Employability Survey Data and Photo Files



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## Youth employment in the Philippines

This study, the first in a series assessing the youth employment situation in the Philippines prepared as part of the two-year ILO-CIDA Project on Promoting Youth Employment in the Philippines (PYEP), examines labour market trends over the past 20-year period looking at labour force participation and the distinctive aspects of youth employment and unemployment that are separable from the labour force as a whole. The authors identify both the magnitude of the problem noting that the youth comprise nearly two-thirds of the unemployed and represent a vast underutilized resource. The authors bring forth arguments as to why youth unemployment needs to be prioritized by governments since failure to create work for the youth, either as wage-earners or as micro-entrepreneurs not only squanders the resource of the country but leads to long-term structural problems for both the country as a whole and for individual families who are unable to escape the poverty trap.

Using data over the period 1988 to 2006, the authors then proceed to dissect the unemployment demographic by location, education, occupational group, and economic class. The so-called job/skills mismatch is examined and concludes that increased investment in education and training has not necessarily led to increase in employability. Lack of information in many instances has resulted in poor choices.

The results of the survey work undertaken by TNS on behalf of the ILO are examined in some detail. In the final section the authors look at the policy implications of the findings and make recommendations as to areas that policy-makers need to address.

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