

# Cause of unemployment in the philippines

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## **Effects of unemployment in the philippines**

### **HIGH UNEMPLOYMENT RATE: WHO'S TO BE BLAMED?**

Acase studyPresented to The Faculty of the College of Management and BusinessTechnologyNueva Ecija University ofScience and TechnologySumacab Campus, Cabanatuan City In Partial Fulfillment of the Requirement for the Subject Basic Economics with Agrarian Reform and Taxation Economics 1 By: Glenda L. Estipular Joanne Abigail C. Ramones Jennavy N. Dela Cruz Irma Joy P. Castro Mary Grace A. Arzanan Jonnalyn L. Alberto Introduction The Philippines has one of the highest unemployment levels in Southeast Asia.

Based on the recent study, the capital Manila and surrounding cities had the highest unemployment rate while the war-ravaged Autonomous Region in Muslim Mindanao had the lowest unemployment rate. Unemployment tends to be lower in rural areas, because the majority of population works onfamilyfarms or hired as farm hands of big landowners. Unemployment as explained in the dictionary of economics is “ the state of an individual looking for a paying job but not having one”. Unemployment occurs when people face crisis in job opportunities due to the unpredictable nature of the economy.

Filipinos are having an economic recession. As have said by Father Edwin Corros " Workers will always be the victims in a recession". We all know that the root of economic problem that we are facing now is the “ unequal distribution of wealth”. This study focuses on high unemployment as the result of disparity. This study seeks to find out who are the responsible

people behind this problem of high unemployment; what their responses.

Case Title High unemployment rate: who's to be blamed?

## **Statement of the Problem**

- 1. How is unemployment in the Philippines maybe described?
- 2. What are the types of unemployment?
- 3. What are the causes of unemployment?
- 4. What are the effects of unemployment?
- 5. What are the strategies of the Philippine government to solve unemployment problem?

Discussion 1. How is unemployment in the Philippines maybe described? The economic recession in the United States of America had a vast effect to other countries monetary condition. In the Philippines based on Social Weather Station quarterly survey, the official estimate for unemployment in 2008 was 7.4 percent or 2.7 million—an increase of 0.1 percent from 2007.

These figures, however, are a gross understatement. The government defines the unemployed as those who are simultaneously without work, looking for work and immediately available for work. Moreover, “working” is broadly defined to include unpaid work for family businesses (a small farm or a small variety store) and working for oneself (street vendors, jeepney drivers). If the 4.1 million unpaid workers in family businesses, and just half of the over 10 million “self-employed” were included, the jobless total would be more than 11 million people among those 15 years and older.

According to National Statistics Office, in 2008 Manila and surrounding cities had the highest unemployment rate of 12.5 percent while the Autonomous

Region in Muslim Mindanao had the lowest unemployment rate of 4 percent. Of the total unemployed, more than a third or 39 percent reached college level. One third was high school graduates. 2. What are the types of unemployment? To analyze unemployment and why it happens, economist often split unemployment into different types. A. Demand-deficient or cyclical unemployment, it occurs when there is not enough demand to employ all those who want to work.

It is a type that Keynesian economists focus on particularly, as they believe it happens when there is disequilibrium in the economy. If the economy slows down, then demand will begin to fall. When this happens firms will begin to lay workers off as they do not need to produce so much. Demand-deficient unemployment rises. B. Seasonal unemployment which is fairly self explanatory. Father Christmas tends to only be in demand for a short period of the year, and the rest of the year would certainly be classified as seasonally unemployed. Most other seasonal unemployment is less severe than this, and tends to occur in certain industries.

Industries that suffer particularly are Hotel and catering, Tourism, Fruit picking, and Father Christmases. The effects of seasonal unemployment are often highly regionalized. C. Frictional or search unemployment, when somebody loses their job (or chooses to leave it), they will have to look for another one. If they are lucky they find one quite quickly, but they may be unlucky and it may take some time. On average it will take everybody a reasonable period of time as they search for the right job. This creates unemployment while they look.

The more efficiently the job market is matching people to jobs, the lower this form of unemployment will be. D. Structural unemployment occurs when the structure of industry changes. As an economy develops over time the type of industries may well change. This may be because people's tastes have changed or it may be because technology has moved on and the product or service is no longer in demand. E. Hidden unemployment, whatever the published figures for unemployment, there are bound to be people who are interested in taking paid work but who, for one reason or another, are not classified as unemployed.

The poverty trap can also act to increase hidden unemployment. Jobless workers may not apply for jobs because of financial disincentives created by the interaction of the income tax and state benefits system. An example of this is discouraged workers - people who have effectively given up active search for jobs perhaps because they have been out of work for a long time and have lost both the motivation to apply for jobs and also the skills required.

### 3. What are the causes of unemployment?

There are many different possible causes of unemployment, and unfortunately for governments, it is never easy to identify which is the most important and what to do about it. A. Economic Inflation as one of the oldest causes of unemployment. . A state's economy faces a steep rise in prices as compared to other economies of the world. This leads to failure in exports as the companies are not able to compete with others due to increase in price. Incomes suffer, people's savings fall and gradually the companies start firing

people, unable to pay them on due time. Thus, the rate of unemployment increases.

B. Economic Recession which became one of the prime causes of unemployment in the United States in the year 2007. It became a global crisis wherein the rate of unemployed crossed all bounds. A severe financial crisis was met by almost all the economies across the world. Rise in unemployment and sine die of established companies became a regular affair. C. Welfare Payments is another reason, although are secure for people, cause unemployment to a considerable extent. The aids given by governments to the unemployed people are actually reducing their willingness to work.

This is the sole negative aspect of the extended unemployment benefits. People become more dependent on the grants they receive. They register for government grants even if they are not looking for jobs, and the incentives received by them are enough to meet their standard of living. The ultimate result is unemployment. D. Changing Technology is also the real cause of unemployment, this not only vast, but are also random. The demands of companies change and so they look for people who are actually specialized in the particular invention. The old ones suffer as new industries with better technical caliber develop.

Although they might retain employees, they look for better substitutes. Job cuts due to changing technology gives elevates rate of seasonal unemployment. E. Job Dissatisfaction is the most common cause of unemployment because meeting one's satisfaction level is vital for self

retention and growth. There are many people who take up jobs on temporary basis. F. Employee values. The values of sound performance of employees are not recognized by many companies, that is why there is an unhygienic work environment diminishing the dedication of employees towards work.

People subjected to such kind of treatment lose genuine desire to work. It's an indirect way of compelling employees to leave their jobs. Unemployment is thus inevitable, as people will deliberately lose their jobs. G.

Racial discrimination is evident almost everywhere. It's one of the most affecting causes of unemployment. People who are not citizens of that specific country remain unemployed being discriminated on grounds of race, religion, caste and ethnicity. It becomes very difficult to find out a decent job under circumstances of employment discrimination. . What are the effects of unemployment? Perhaps the main cost of unemployment is a personal one to those who are unemployed. However, if they suffer then the whole economy suffers. Individuals may become dispirited by unemployment; they may lose their self-esteem and confidence. This may affect their motivation to work. The longer they are unemployed the more they may lose their skills and this has to be bad for the economy as well. The whole economy suffers from people being unemployed. Aside from these microeconomic effects, there will also be macro effects.

These will include:

- • loss of output to the economy, unemployed could be producing goods and services and if they aren't, then GDP is lower than it could be.

- • loss of tax revenue, unemployed people aren't earning and they therefore aren't paying tax.

The government has lost out.

- • increase in government expenditure, our government has to pay out benefits to support the unemployed. Along with the loss of tax this is a 'double whammy'.
- • loss of profits, higher employment firms are likely to do better and make better profits. If they make less profit because of unemployment, they may have lesser funds to invest.

What are the strategies of the Philippine government to solve unemployment problem? The government has chalked out certain insurance plans for people who are unemployed due to genuine reasons. Migration is also one of the strategies of the Philippine government to solve the unemployment problem. The government also offers jobs for the graduates of vocational courses and livelihood programs for the unfortunate to start a family business.

### **Conclusion**

- 1. The unemployment rate in the Philippines severely increasing from 2007 up to present.
- As describe by the SWS survey and NSO, 7. 4 million were unemployed, excluding the number of self-employed and the under-paid employees.
- 2. Unemployment includes; Demand deficient or cyclical unemployment of lack of enough job offerings to a wide number of job



seekers; seasonal unemployment or jobs that are contractual or based on special events and holidays; Frictional where in workers suddenly or intentionally loses their job and look for another one; and the hidden unemployment wherein job seekers cannot afford to support themselves financially when looking for a job.

- 3. The causes of unemployment are Economic Inflation; Welfare Payment wherein benefits given by governments to the unemployed people are actually reducing their eagerness to work. ; Changing Technology wherein companies use new machines instead of man power; Job Dissatisfaction; Employee values; and Racial discrimination. The government and the job seeker itself are the main cause of unemployment. The causes of unemployment depend not only on the prevailing conditions of economy, but also on an individual's perspective. However, an effort to find a good job never goes in vain, only if one is sincere and dedicated.
- 4. High unemployment is a major economic problem of our country. The whole economy suffers from people being unemployed.
- 5. The government offers alternative solution to decrease unemployment rate.

Recommendation The Government should:

- 1. Philippines should adopt a policy of fast growth, and should do what it can to insure the competitiveness of its industries, by insuring that the cost and ease of doing business is competitive, and remove all hindrances to growth.

- 2. The government should enhance the importing of goods so that the government will no more cut the budget for the monthly salaries of the government employees.
- 3. When the government had finished paying our country's debts, they should focus on how to increase the budget for the government employees and lessen the tax.

The Jobseeker should:

- 1. Persons should be satisfied for their job without looking for high salary and easier works.
- 2. They should strive more in order to gain more.

The Schools should:

- 1. Include the basics for livelihood education and vocational courses to their curriculum so that they can help the unfortunate who can't afford to finish a degree course look for alternative jobs suited to them.
- 2. The school must conduct a job fair and career seminar for newly graduated students for them to easily find a job. The School Administrators should: Conduct SLAC sessions or seminars for their subordinates for them to enhance their strategies in teaching basics livelihood and vocational subjects and courses for the students.

The Students should:

- 1. Study well and have a plan for their career.
- 2. They should be practical in choosing courses
- 3. They should choose course that later on can offer a permanent jobs.