

REPORT ON LABOR FORCE SURVEY (MARCH 2021)

HIGHLIGHTS

1. The labor market continued to see gains in March 2021 following the further reopening of the economy, while adhering to the minimum health standards. Community quarantine restrictions were more relaxed in March 2021, compared to the previous month. The government also began to roll out its COVID-19 vaccination program.¹²
2. Rising labor force participation and falling unemployment have enabled millions of Filipinos to regain their jobs and incomes in March 2021. The unemployment rate declined further from 8.8 percent in February to 7.1 percent in March 2021, the lowest unemployment rate recorded since the height of the enhanced community quarantine (ECQ) last April 2020. Meanwhile, the labor force participation rate (LFPR) improved from 63.5 percent to 65.0 percent, which translates to 2.2 million additional employed individuals.
3. The underemployment rate also declined from 18.2 percent in February to 16.2 percent in March 2021, reflecting the improvement in the quality of jobs.
4. Given the imposition of ECQ and modified ECQ (MECQ) in the National Capital Region (NCR) Plus bubble from March 29 to May 15, 2021, the government expects to see a temporary reversal of these employment gains in the next labor force survey (LFS) round. However, the impact is expected to be less severe compared to April 2020 given the more risk-managed approach to the present quarantines.

¹ <https://www.pna.gov.ph/articles/1132111>

² <https://www.pna.gov.ph/articles/1132143>

5. The government continues to intensify the implementation of the Prevent, Detect, Isolate, Treat, and Recover (PDITR) strategy to reduce COVID-19 cases and allow the lifting of the MECQ status by mid-May. Among the key initiatives are the provision of more isolation and quarantine beds and the move towards automatic contact tracing.
6. In addition, to help accelerate economic growth and job creation this year, the recovery package needs to be fully implemented. This will complement the timely implementation of the vaccination program to cover the entire adult population.

The labor market continued to see gains in March 2021 following the further reopening of the economy, while adhering to the minimum health standards. The results were marked by strong improvements as the employment rate increased to 92.9 percent, translating to 2.2 million additional employment.

Table 1. Summary of labor and employment indicators, January 2020 – March 2021 (in thousands)

Indicators	2020 ^{a,b}				2021 ^{p,a}		
	Jan	Apr ^p	Jul ^p	Oct ^p	Jan ^b	Feb ^c	Mar ^c
Population 15 years and over	72,841	73,722	74,061	74,307	74,733	74,603	75,029
Labor Force Level	44,934	41,058	45,877	43,649	45,201	47,341	48,772
Employment Level	42,543	33,830	41,306	39,836	41,248	43,153	45,332
Unemployment Level	2,391	7,228	4,571	3,813	3,953	4,187	3,441
Underemployment Level	6,299	6,398	7,137	5,747	6,589	7,850	7,335
Visible Underemployment	3,799	5,489	5,161	3,605	4,531	5,385	4,928
Employment Generation (QOQ)	6	(8,823)	7,476	(1,470)	1,411	1,905 ^d	2,178 ^d
Labor Force Participation Rate (%)	61.7	55.7	61.9	58.7	60.5	63.5	65.0
Employment Rate (%)	94.7	82.4	90.0	91.3	91.3	91.2	92.9
Unemployment Rate (%)	5.3	17.6	10.0	8.7	8.7	8.8	7.1
Underemployment Rate (%)	14.8	18.9	17.3	14.4	16.0	18.2	16.2
Visible Underemployment Rate (%)	8.9	16.2	12.5	9.0	11.0	12.5	10.9
Mean Hours of Work	41.3	35.0	38.2	40.8	39.3	38.9	39.7

^{p/} Estimates are preliminary and may change; ^{a/} Estimates are based on 2015 CPH population projections;

^{b/} Estimates for the quarterly round of the LFS; ^{c/} Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey;

^{d/} Increment from previous month; qoq – quarter on quarter difference

Source: LFS, PSA

1. Almost 2.2 million additional jobs were created in March 2021, with total employment continuing to surpass the pre-COVID employment level in January 2020. The upbeat labor market situation mirrored the continued resumption of economic activities as a result of easing community quarantine restrictions³ prior to the imposition of the ECQ in the NCR Plus bubble,⁴ which includes Metro Manila and the adjacent provinces of Bulacan, Rizal, Cavite, and Laguna. Employment gains were broad-based with several industries performing better relative to pre-COVID levels.

Table 2. Employment: January 2020 – March 2021 (in percent)

Indicators	2020 ^{a,b}				2021 ^{p,a}		
	Jan	Apr ^p	Jul ^p	Oct ^p	Jan ^b	Feb ^c	Mar ^c
Employment rate	94.7	82.4	90.0	91.3	91.3	91.2	92.9
Employment level (growth rate, QoQ)	0.01	(20.5)	22.1	(3.6)	3.5	4.6 ^d	5.0 ^d
<i>Employment share by sector</i>							
Agriculture	22.6	25.9	26.3	24.5	24.4	23.9	24.6
Industry	18.8	17.0	18.8	18.3	18.4	17.7	19.4
Manufacturing	8.5	8.0	8.2	7.6	7.6	7.6	7.9
Services	58.6	57.1	54.8	57.2	57.2	58.4	56.0

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^{b/} Estimates for the quarterly round of the LFS; ^{c/} Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey;

^{d/} Increment from previous month; qoq – quarter on quarter difference

Source: LFS, PSA

2. More than half of the job gains for the survey period were recorded in the industry sector, with roughly 1.2 million additional jobs generated. The robust expansion in the sector was mainly fueled by construction (+846,000)

³ IATF Resolution no. 99 s. 2021. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/02feb/20210211-IATF-99-RRD.pdf>

⁴ The survey operation of this monthly round of LFS ran from March 8 to 27. The preliminary results do not completely capture the impact of the imposition of ECQ in NCR, Bulacan, Rizal, and Laguna, which was imposed beginning March 22, 2021 by virtue of IATF Resolution No. 104 as a result of the spike in COVID-19 cases in the latter part of March.

and manufacturing (+285,000). Aside from this, the bullish performance of the construction sector was mainly driven by the continuous implementation of infrastructure projects which began late last year, along with the commencement of other projects to take advantage of the dry season.^{5,6,7,8} Meanwhile, employment gains in the manufacturing sector were consistent with the country's Purchasing Manager's Index (PMI) which was recorded at 52.2 in March. The higher PMI indicates improvements in the operating conditions of manufacturing firms for the period, on account of higher production volumes due to a slight uptick in demand.⁹

3. Accounting for a quarter of the country's total employment, the agriculture sector sustained its robust performance with additional employment of 827,000 relative to the previous month. Both the subsectors of agriculture and forestry (+623,000) and fishing and aquaculture (+203,000) posted significant gains, likely due to the intensified government interventions (e.g., provision of free seeds, training, farm machineries and equipment, and low-interest loans) provided through the Rice Tariffication Law¹⁰ and the open fishing season currently being observed in Northern Palawan, the Visayan Sea, and Zamboanga Peninsula.^{11,12,13}
4. The services sector, which accounts for more than half of the country's employment, registered moderate net employment gains (+0.8% or an additional 197,000 jobs) between March and February 2021. Wholesale and retail trade served as the main driver of growth with 672,000 additional employment. This is also the third consecutive period that the sector has surpassed its pre-COVID employment level. Other sectors which posted employment gains for the month were administrative and support services (+145,000), accommodation and food services (+51,000), and arts,

⁵ https://www.dbm.gov.ph/wp-content/uploads/DBCC/2021/NG-Disbursements_Jan-Feb-2021_for-posting.pdf

⁶ DPWH Accomplishes P13.6B Worth of Infrastructure in Central Visayas | DPWH News

⁷ Binondo-Intramuros Bridge On Track for 2021 Opening | DPWH News

⁸ BGC-Ortigas Link Road Nears Completion, Targets June 2021 Opening | DPWH News

⁹ IHS Markit Philippines Manufacturing PMI. Retrieved from

<https://www.markiteconomics.com/Public/Home/PressRelease/5b216d9fd5c043228b2ba8a8a7448a4f>

¹⁰ RCEF enables rice farmers to produce and earn more | DA News

¹¹ DA-BFAR lifts three-month Galunggong closed season in Palawan | DA-BFAR News

¹² DA-BFAR lifts Sardine closed season in the Visayan Sea | DA-BFAR News

¹³ DA-BFAR lifts Sardines Fishing Ban | DA-BFAR News

entertainment and recreation (+43,000). Employment expansion in these industries may be due to the less stringent community quarantine and mobility restrictions (e.g., uniform travel protocols across local government units (LGU), reopening limited tourist attractions, and limited social events subject to minimum health standards)¹⁴ which were observed prior to the imposition of stricter measures in NCR and its adjacent provinces in the latter part of March.

Meanwhile, employment losses were observed in education (-248,000), transportation and storage (-194,000), other service activities (-149,000), human health and social work activities (-64,000), and information and communication (-62,000). Employment losses in transportation are broadly in line with the Department of Labor and Employment (DOLE) administrative data, which indicates some 62,000 transport workers were displaced as a result of retrenchment and permanent and temporary closure of formal businesses in March 2021.

5. In terms of major occupations, the bulk of additional employment generated for the month were for lower to medium-skilled jobs, namely, elementary occupations (+1.6 million), service and sales workers (+551,000), craft and related trade workers (+308,000), and plant machine operators and assemblers (+205,000). The increase in employment activities among these occupations were consistent with the employment growth recorded in construction, agriculture, wholesale and retail trade, and manufacturing.

Meanwhile, significant declines in employment were recorded among professionals (-432,000) and managers (-295,000) during the month. Over half of employment losses among professionals were observed in the education sector (-221,000). On the other hand, managerial occupations that were shed off were primarily from wholesale and retail trade (-129,000), administrative and support service activities (-51,000), and transportation and storage (-49,000). The significant employment losses in the education

¹⁴ IATF Resolution no. 99 s. 2021. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/02feb/20210211-IATF-99-RRD.pdf>

sector may be driven by the low enrolment rates in private schools since late last year.¹⁵

6. Over half of the jobs created between March and February 2021 were short-term in nature (+1.1 million). Most of these were concentrated in the same sectors which posted the highest employment growth for the period, in particular, in agriculture and forestry (+755,000), wholesale and retail trade (+210,000), construction (+109,000), and administrative and support service activities (+103,000). Notably, some 936,000 permanent jobs were also created in March, mainly in construction (+629,000), trade (+487,000), manufacturing (+291,000), and fishing (+213,000).
7. Employment across all classes of workers posted a sizeable increase except for employers in own family-operated farms or business, which further declined by 14.4 percent (-134,000 individuals) from the previous month. Meanwhile, remunerative and stable work (or wage and salary workers¹⁶) grew by 5.1 percent, which translated to an additional 1.4 million individuals. This can be further attributed to the substantial employment gains in construction (+852,000) and manufacturing (+378,000) under the industry sector. Similarly, the agriculture sector recorded 430,000 more wage and salary workers in March compared to the previous month. Meanwhile, the number of wage and salary workers in the services sector declined by 328,000, mainly due to reductions in transport and education.

However, vulnerable employment¹⁷ remains a challenge. It registered a marginal increase of 0.4 percent (+950,000) which brings the total vulnerable employment to 16.4 million in March 2021 from 15.5 million in February 2021.

In terms of hours of work, full-time employment, or those who worked for at least 40 hours a week, increased by 2.3 million, bringing the new total to

¹⁵ DepEd data on non-operating private schools for SY 2020-2021 as of 11 September 2020

¹⁶ This includes those who worked in private households, private establishments, government or government corporation, and with pay in own family-operated farm or business.

¹⁷ Refers to: (a) self-employed workers without any paid employee; and (b) unpaid family workers.

28.2 million in March compared to 25.9 million recorded in the previous month. On the other hand, part-time employment, or those who worked for less than 40 hours, only posted a slight increase (+25,000) compared to the previous month. There was also a notable decline (-197,000) of workers with a job but not at work.

Due to the steep increase in full-time employment, the mean hours of work improved from 38.9 in February to 39.7 in March 2021. Overall, these further demonstrate improvements in the quality of employment being generated.

Compared to the previous month, the national underemployment rate dropped by 2 percentage points (ppt) to 16.2 percent in March, with improvements observed in both visible and invisible underemployment.

8. The number of underemployed, or those who have jobs but lack income, decreased by 515,000 from February to March 2021, bringing down the underemployment rate to 16.2 percent. This reflects the improvement in the quality of jobs.
9. In particular, those who are visibly underemployed¹⁸ declined by 457,000 month-on-month. The bulk of the decrease came from the services sector, particularly in wholesale and retail trade (-165,000), other service activities (-136,000), and transportation and storage (-128,000). Moreover, invisible underemployment¹⁹ also declined by 58,000 workers. Similar to visible underemployment, the decline was mainly driven by the services sector.

¹⁸ Visible underemployment refers to persons who are working less than 40 hours per week and want more hours of work.

¹⁹ Invisible underemployment refers to persons working at least 40 hours and still want additional hours of work.

**Table 3. Underemployment rates, January 2020 – March 2021
(in percent)**

Area	2020 ^{a,b}				2021 ^{p,a}		
	Jan	Apr ^p	Jul ^p	Oct ^p	Jan ^b	Feb ^c	Mar ^c
National	14.8	18.9	17.3	14.4	16.0	18.2	16.2

^{p/} Estimates are preliminary and may change; ^{a/} Estimates are based on 2015 CPH population projections;

^{b/} Estimates for quarterly round of the LFS; ^{c/} Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey

Source: LFS, PSA

10. The industry sector likewise posted a significant drop in underemployment, mainly in construction (-85,000) and manufacturing (-66,000), as both sectors experienced month-on-month gains in full-time employment. Meanwhile, the agriculture and forestry subsector registered 248,000 more underemployed workers as the sector continues to incur losses from the impact of the African Swine Fever (ASF).²⁰
11. Underemployment decreased across almost all classes of workers. Most of the decline came from wage and salary workers (-516,000), followed by the self-employed without any paid employee (-68,000), and employers in own family-operated farm and business (-16,000). Only unpaid family workers saw an increase in underemployment by 84,000.

Unemployment rate in March 2021 improved to 7.1 percent from 8.8 percent in February 2021, the lowest unemployment rate recorded since the height of the ECQ last April 2020, as the number of unemployed declined across all age groups, especially among the youth.

12. About 3.4 million unemployed Filipinos were recorded in March 2021, which is 747,000 less than the previous month. This brings down the

²⁰ Private firms join DA to control ASF, revive hog industry | Department of Agriculture

unemployment rate to 7.1 percent, the lowest unemployment rate recorded since the height of the ECQ last April 2020. Aside from this, DOLE administrative data recorded a slowdown in the number of affected firms that displaced workers from February to March 2021.²¹ The sustained and significant decline in the number of those who did not look for work due to COVID-19 or quarantine restrictions (-167,000) also demonstrate labor market improvements.

Table 4. Unemployment Rates: January 2020 – March 2021 (in percent)

Indicator	2020 ^{a,b}				2021 ^{p,a}		
	Jan	Apr ^p	Jul ^p	Oct ^p	Jan ^b	Feb ^c	Mar ^c
Overall	5.3	17.6	10.0	8.7	8.7	8.8	7.1
15-24	13.6	31.6	22.4	19.4	19.8	18.5	15.4
25-54	4.0	16.0	8.1	7.3	7.4	7.5	6.0
55 & over	2.0	10.6	4.3	4.3	3.7	4.8	2.9

^{p/} Estimates are preliminary and may change; ^{a/} Estimates are based on 2015 CPH population projections;

^{b/} Estimates for quarterly round of the LFS; ^{c/} Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey

Source: LFS, PSA

13. By age group, the youth (15 to 24 years old) posted the largest decline in unemployment rate (-3.1 ppt). This is equivalent to 158,000 less unemployed youth compared to the previous month. This notable improvement puts the country back on track in keeping youth unemployment rate between 14.5 to 16.5 percent in 2021, as espoused in the Updated Philippine Development Plan (PDP) 2017-2022. Furthermore, more than half of the decline in the unemployed came from prime-age workers: 35 to 44 years old (-219,000) and 25-34 years old (-185,000). Significant declines were also recorded among older unemployed persons such as those aged 55 years old and over (-137,000). Disaggregating by sex,

²¹ As compared to the incremental increase from January to February 2021.

unemployment declined across almost all age groups except for females in the youth cohort (+900).

14. In terms of educational attainment, the trend for March 2021 shows unemployment rates improving across the board, except among those with senior high school (SHS) education and post-secondary undergraduates. Unemployment rates among college graduates and undergraduates significantly dropped 9.5 percent (from 11.4%) and 7.6 percent (from 11.1%), respectively. This translates to about 365,000 less unemployed individuals with tertiary education. Meanwhile, unemployment rates among those with no grade completed up to those with a junior high school education remained below average but improved relative to February 2021. In particular, those with no grade level completed registered a 3.5 ppt decline in unemployment rate (0.4% from 3.9%), followed by junior high school undergraduates (5.6% from 9.0%) and elementary undergraduates (2.5% from 5.1%).

On the other hand, unemployment rates for those with senior high school education and the post-secondary undergraduates rose to 23.8 percent (from 18.3%) and 11.4 percent (from 10.6%), respectively. This may be attributed to the heightened labor market competition (i.e., employers' reluctance to hire SHS over those with college education due to perceptions of inadequate work-readiness and short work retention²²) that this group encounters.

²² https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1849_rev.pdf

Table 5. Comparison of the latest unemployment rates²³ across selected Asian economies

Indicator	Latest Period		Previous Period	
	Unemployment Rate	Month released	Unemployment Rate	Month released
China ^a	4.2	Dec 2020	4.2	Sep 2020
India ^b	6.7	Jan-Feb 2021	7.5	Oct-Dec 2020
Indonesia ^c	7.1	Aug 2020	5.0	Feb 2020
Malaysia ^b	4.8	Feb 2021	4.9	Jan 2021
Philippines	7.1	Mar 2021	8.8	Feb 2021
Thailand ^b	1.9	Oct-Dec 2020	1.9	Jul-Sep 2020
Vietnam ^a	2.4	Mar 2021	2.4	Dec 2020

Notes: a/ Unemployment in these countries is reported quarterly (March, June, September, December);

b/ Unemployment in these countries is reported monthly; Figures above refer to quarterly average; c/ Indonesia unemployment is reported semi-annually (February and August); Figures in February 2020 do not take into account COVID-19 impact

15. Compared to the latest unemployment rates of select Asian economies, the country's unemployment rate remains relatively high. However, the month-on-month improvement in the unemployment rate remains at par with the observed global trend of gradual labor market recovery. Nonetheless, returning to the pre-pandemic unemployment rate of 5.3 percent in January 2020 continues to be a challenge.

Given the current surge of COVID-19 cases in the latter half of March 2021 and stricter community quarantine restrictions, the government expects to see a temporary reversal of these employment gains in the next LFS round. However, the impact is expected to be less severe compared to April 2020 given the more risk-managed approach to the present quarantines.

²³ <https://www.ceicdata.com/en/indicator/china/unemployment-rate>; <https://unemploymentinindia.cmie.com/>; <https://www.thejakartapost.com/news/2020/11/05/unemployment-surges-to-decade-high-as-covid-19-causes-millions-to-lose-jobs.html>; <https://www.economy.com/malaysia/unemployment-rate>; <https://www.ceicdata.com/en/indicator/thailand/unemployment-rate>; <https://www.ceicdata.com/en/indicator/vietnam/unemployment-rate>

The rising labor force participation and falling unemployment have enabled millions of Filipinos to regain their jobs and incomes in March 2021. The labor force participation rate (LFPR) in March 2021 significantly increased to 65.0 percent, exceeding the LFPR of the previous month at 63.5 percent and the pre-pandemic rate at 61.7 percent.

Table 6. LFPR, January 2020 – March 2021 (in percent)

Indicator	2020 ^{a,b}				2021 ^{p,a}		
	Jan	Apr ^p	Jul ^p	Oct ^p	Jan ^b	Feb ^c	Mar ^c
LFPR (total)	61.7	55.7	61.9	58.7	60.5	63.5	65.0
Youth	37.4	32.4	38.9	33.9	34.7	37.7	40.1
Male	74.8	69.8	75.3	72.3	73.9	75.9	76.8
Female	48.4	41.5	48.5	45.0	46.9	50.9	53.1

^{p/} Estimates are preliminary and may change; ^{a/} Estimates are based on 2015 CPH population projections;

^{b/} Estimates for the quarterly round of the LFS; ^{c/} Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey;

^{d/} Increment from January 2021 to February 2021 LFS round; qoq – quarter on quarter difference

Source: LFS, PSA

16. The total labor force grew by 3 percent relative to the previous month. About 1.4 million individuals joined the labor force, generating significant improvements in the LFPR. The uptrend in the labor force can be observed across various age groups: among 15 to 24 years old (+460,000), 25 to 34 years old (+587,000), and 55 years old and over (+228,000).

Notable growth was likewise recorded among females (+909,000), with more than two-thirds coming from relatively younger cohorts (15 to 34 years old). The shift to flexible work arrangements to further allow women to

work and also fulfill their household duties may have encouraged more women to join the labor force.²⁴

17. Moreover, those not in the labor force (NILF) declined by 1 million, mainly from women who were previously discouraged from joining the labor force due to household family duties (-807,000).

Managing the current health risks and economic shocks while accelerating the recovery package and vaccination program remain crucial in reopening the economy and sustaining recent employment gains.

18. ***Build upon the recent gains in the health sector.*** The extension of the MECQ in the NCR Plus bubble up to May 14 serves as an opportunity for the government to further improve the health system capacity and save lives from COVID-19. It is important for the government to continue to intensify the implementation of the Prevent, Detect, Isolate, Treat, and Recover (PDITR) strategies such as the provision of more isolation and quarantine beds, automatic contact tracing, and timely vaccine deployment.
19. ***Ramp up the government's Vaccine Deployment Program.*** Accelerating the rollout of vaccination in the succeeding months is necessary to achieve herd immunity and allow for the gradual re-opening of the economy. Likewise, there is a need to further ramp up vaccine deployment especially in high-risk populations and among critical economic frontliners (A4 priority group) once vaccine supply stabilizes. The effective roll-out of these vaccine doses, complemented by the safe and gradual re-opening of low-risk areas, will build confidence and allow the economy to further restore jobs and incomes.

²⁴ https://www.nber.org/system/files/working_papers/w26947/w26947.pdf

20. ***Fully implement the recovery package.*** A number of programs have been embedded in the 2021 budget to help Filipinos cope with the impact of the pandemic. The implementation of these programs and the proper disbursement of the remaining amounts under the extended FY 2020 budget and *Bayanihan II*, need to be accelerated. The recovery measures also need to be accompanied by appropriate and sufficient information campaigns to ensure that the intended beneficiaries are aware of available assistance.²⁵

21. ***Fast-track the implementation of the recently launched National Employment Recovery Strategy (NERS) 2021-2022.*** This includes specific action plans of various agencies, including the DOLE, Department of Trade and Industry (DTI), and the Technical Education and Skills Development Authority (TESDA), that can complement demand- and supply-side policies and programs. The NERS action plan includes programs on upskilling and retooling for in-demand skills under the new normal.

22. ***Swiftly implement recently-enacted legislation to aid the country's economic recovery,*** including the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which is expected to attract more foreign direct investments (FDI) through a performance-based, targeted, time-bound, and transparent grant of tax incentives that will result in more job opportunities. There is also a need to swiftly pass the economic liberalization bills, such as the amendments to the Public Service Act, Foreign Investment Act, and Retail Trade Liberalization Act, that will further ease restrictions on foreign investments and complement the benefits of CREATE. Finally, the passage of the Government Financial Institutions Unified Initiative to Distressed Enterprises for Economic Recovery (GUIDE) is also crucial as it aims to provide support to strategically-important firms facing solvency issues and to help preserve employment.

²⁵ <https://www.pna.gov.ph/articles/1134903>