

# REPORT ON LABOR FORCE SURVEY (AUGUST 2021)

## HIGHLIGHTS

1. The August 2021 Labor Force Survey results show improvements in the labor market as the government and the people learn to better manage the risks brought about by the COVID-19 pandemic, despite the heightened quarantine level and the spread of the delta variant.<sup>1</sup> While the unemployment rate slightly increased, net job creation was significant and the underemployment rate decreased substantially.
2. The unemployment rate in the country increased between July and August 2021 from 6.9 percent to 8.1 percent. This result is expected, given the stricter quarantine imposed to curb the spread of the delta variant.
3. On the other hand, the labor force participation rate recovered to 63.6 percent as more people rejoined the labor force. While this is one factor for the increase in the unemployment rate, more people were able to find work, leading to an increase in the number of employed by 2.6 million in August compared to July. This brings employment back up to 1.7 million above pre-pandemic levels.
4. Moreover, the underemployment rate substantially decreased to 14.7 percent from 20.9 percent, given improving job conditions.

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<sup>1</sup> In August 2021, the National Capital Region (NCR) and other high-risk provinces and cities such as Laguna, Bataan, Iloilo, Cagayan De Oro, Iloilo City, Gingoog City, and Cagayan de Oro City were placed under Enhanced Community Quarantine (ECQ) or Modified ECQ (MECQ) due to the rising cases of COVID-19 infections in line with the following IATF resolutions: Resolution No. 130-A, Resolution 130-D, Resolution No. 131, Resolution 131-E, Resolution No. 133-A, Resolution No. 133-C, and Resolution No. 134.

5. Employment levels increased by 2.6 million largely due to the employment rebound in agriculture (+1.9 million), wholesale and retail trade (+992,000), and manufacturing (+169,000).
6. Meanwhile, education recorded the largest job loss at -238,000 jobs. We expect these results to gradually improve following the President's approval to begin piloting face to face classes in low-risk areas.
7. To better manage the health risks from COVID-19 and enable the people to earn a living, it is important to continue accelerating the vaccination program and focus on granular lockdowns while preventing COVID-19 transmissions. These efforts will complement our recovery program and help our country bounce back from this crisis.

**Table 1. Summary of Labor and Employment Indicators, January 2020, April 2020, July 2021 and August 2021 (in thousands)**

Indicators	2020 <sup>a,b</sup>		2021 <sup>p,a</sup>	
	Jan	Apr	July <sup>b</sup>	August <sup>c</sup>
Population 15 years and over	72,841	73,722	74,805	75,610
Labor Force Level	44,934	41,058	44,740	48,116
Employment Level	42,543	33,830	41,667	44,234
Unemployment Level	2,391	7,228	3,073	3,882
Underemployment Level	6,299	6,398	8,692	6,482
Visible Underemployment	3,799	5,489	4,518	4,616
Employment Generation (QoQ / MoM)	6	(8,713)	(3,408) <sup>d</sup>	2,567 <sup>d</sup>
Labor Force Participation Rate (%)	61.7	55.7	59.8	63.6
Employment Rate (%)	94.7	82.4	93.1	91.9
Unemployment Rate (%)	5.3	17.6	6.9	8.1
Underemployment Rate (%)	14.8	18.9	20.9	14.7
Visible Underemployment Rate (%)	8.9	16.2	10.8	10.4
Mean Hours of Work	41.3	35.0	41.8	39.6

<sup>p</sup> Estimates are preliminary and may change; <sup>a</sup> Estimates are based on 2015 CPH population projections; <sup>b</sup> Estimates for the quarterly round of the LFS; <sup>c</sup> Starting February 2021, monthly LFS will be conducted in between quarterly or regular LFS to generate national-level labor and employment statistics from the survey; <sup>d</sup> Increment from previous month; qoq – quarter on quarter difference.

Source: Labor Force Survey (LFS), PSA

**The labor force participation rate recovered to 63.6 percent, largely due to 2.6 million workers who rejoined the labor force.**

1. The **number of persons not in the labor force (NILF) declined by 2.6 million**. Despite the heightened community quarantines and surge in COVID-19 cases in August, there were less individuals who cited COVID-

19-related reasons (-707,000), age limitations (-432,000) and others (-624,000) for not joining the labor force when compared to the reasons cited in July 2021. This may have been due to increased confidence given the acceleration roll-out of the vaccination program, with the number of fully vaccinated Filipinos nearly tripling from 4.3 million as of mid-July to 12.6 million by mid-August. In particular, the number of fully vaccinated essential workers (A4) increased from about 0.2 million in mid-July to 1.9 million by mid-August. Meanwhile, only those who cited household duties as reason for opting out of the labor force increased (+148,000), mostly among young females.

2. The 2.6 million who rejoined the labor force accounted for the bulk of the **3.4 million or 7.5 percent increase in the labor force**, which **boosted the total labor force participation rate by 3.8 percentage points (ppts) to 63.6 percent**.

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

Indicator	2020 <sup>a,b</sup>				2021 <sup>p,a</sup>							
	Jan	Apr	Jul	Oct <sup>p</sup>	Jan <sup>b</sup>	Feb <sup>c</sup>	Mar <sup>c</sup>	Apr <sup>b</sup>	May <sup>c</sup>	Jun <sup>c</sup>	Jul <sup>b</sup>	Aug <sup>c</sup>
<b>LFPR (total)</b>	61.7	55.7	61.9	58.7	60.5	63.5	65.0	63.2	64.6	65.0	59.8	63.6
Youth	37.4	32.4	38.9	33.9	34.7	37.7	40.1	38.2	38.4	39.8	33.3	37.8
Male	74.8	69.8	75.3	72.3	73.9	76.0	76.8	75.0	76.1	76.3	72.4	75.8
Female	48.4	41.5	48.5	45.0	46.9	50.9	53.1	51.4	52.9	53.7	47.1	51.4

<sup>p</sup> Estimates are preliminary and may change; <sup>a/</sup> Estimates are based on 2015 CPH population projections; <sup>b/</sup> Estimates for quarterly round of the LFS; <sup>c/</sup> 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: Labor Force Survey (LFS), PSA

## Total employment increased by 2.6 million largely due to the employment rebound in agriculture, trade, and manufacturing.

3. In August 2021, total employment increased by 6.2 percent to 44.2 million bringing employment back up to 1.7 million above pre-pandemic levels. The bulk of the increase came from the **agriculture** sector (+1.9 million), which fully recovered the job losses it suffered in July due to poor weather (*i.e.*, typhoons and flooding). However, the gains in agriculture were mainly from part-time work of self-employed and unpaid workers.
4. Similarly, employment in the **services** sector increased (+625,000), though still below the level in June. The bulk of this increase came from the recovery of mostly permanent employment in wholesale and retail trade (+992,000) and miscellaneous services (+148,000), and the resiliency of transportation and storage (+99,000). Unlike in April 2020, public transportation was allowed to operate at full capacity in areas under ECQ and MECQ.<sup>2</sup> At the same time, strong demand for logistics given the shift to e-commerce may have supported the growth of the sector.

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<sup>2</sup> Omnibus Guidelines with Amendments as of August 06, 2021 ([pcoo.gov.ph](http://pcoo.gov.ph))

**Table 2. Employment Rates, January 2020 – August 2021**

Indicators	2020 <sup>a,b</sup>				2021 <sup>p,a</sup>							
	Jan	Apr	Jul	Oct <sup>p</sup>	Jan <sup>b</sup>	Feb <sup>c</sup>	Mar <sup>c</sup>	Apr <sup>b</sup>	May <sup>c</sup>	Jun <sup>c</sup>	Jul <sup>b</sup>	Aug <sup>c</sup>
Employment rate (in %)	94.7	82.4	90.0	91.3	91.3	91.2	92.9	91.3	92.3	92.3	93.1	91.9
Employment Growth (QoQ in %)	0.01	(20.5)	22.1	(3.6)	3.5	4.6 <sup>d</sup>	5.0 <sup>d</sup>	(4.5) <sup>d</sup>	3.3 <sup>d</sup>	0.8 <sup>d</sup>	(7.6) <sup>d</sup>	6.2 <sup>d</sup>
<i>Employment levels by sector (in thousands)</i>												
Agriculture	9,625	8,761	10,867	9,762	10,044	10,303	11,130	10,560	10,626	10,938	9,188	11,096
Industry	7,989	5,754	7,783	7,299	7,601	7,647	8,802	7,885	8,223	8,171	8,341	8,374
Manufacturing	3,634	2,699	3,373	3,028	3,140	3,276	3,560	3,420	3,548	3,502	3,539	3,708
Services	24,929	19,315	22,652	22,776	23,602	25,203	25,400	24,825	25,867	25,966	24,138	24,764

<sup>p</sup> Estimates are preliminary and may change; <sup>a/</sup> Estimates are based on 2015 CPH population projections; <sup>b/</sup> Estimates for the quarterly round of the LFS; <sup>c/</sup> Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national-level labor and employment statistics from the survey; <sup>d/</sup> Increment from previous month; qoq – quarter on quarter difference.

Source: Labor Force Survey (LFS), PSA

However, these gains were tempered by sustained losses in the education subsector (-238,000) and reversals in administrative & support services (-183,000) and professional activities (-110,000), of mostly permanent, full-time, wage jobs. The continued employment decline in education is attributed to the school break.<sup>3</sup> We expect these results to gradually improve following the President's approval to begin piloting face to face classes in low-risk areas. Meanwhile, restrictions during the implementation of ECQ and MECQ in various areas may have affected the two other subsectors.

5. The **industry** sector posted modest employment gains (+33,000) primarily driven by the sustained increase in permanent jobs in manufacturing (+169,000) and mining and quarrying (+19,000). Manufacturing of food,

<sup>3</sup> DepEd issues guidelines for SY 2021-2022; face-to-face classes still prohibited | Department of Education

medical supplies, and other essential goods along with mining and quarrying activities were allowed to operate in full capacity during the ECQ in August.<sup>4</sup>

These were largely offset by losses in the construction (-85,000), water (-44,000), and energy (-26,000) subsectors. Private and personal-use small-scale construction projects were suspended during the ECQ and MECQ periods.<sup>5,6</sup> Similarly, the water and energy subsectors were only allowed to operate with a reduced workforce.<sup>7</sup>

6. The bulk of the employment gains were in low to medium-level skill jobs, particularly among elementary occupations<sup>8</sup> (+1.8 million); skilled agricultural, forestry, and fishery workers (+787,000); service and sales workers<sup>9</sup> (+542,000); clerical support workers (+209,000); and plant and machine operators and assemblers (+141,000). These are largely in line with the gains in agriculture, trade, and manufacturing.

On the other hand, the following occupation groups registered net employment losses: technicians and associate professionals (-335,000), professionals (-272,000), managers (-173,000), craft and related trade workers<sup>10</sup> (-137,000), and armed forces occupations and special occupations (-24,000). These are in line with losses recorded in professional services, business process outsourcing (BPO), and construction.

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<sup>4</sup> Omnibus Guidelines with Amendments as of August 6, 2021 ([pcoo.gov.ph](http://pcoo.gov.ph))

<sup>5</sup> Ibid.

<sup>6</sup> DPWH Issues Revised Construction Safety Guidelines; Prohibits Small-Scale Projects to Operate in ECQ, MECQ areas ([dpwh.gov.ph](http://dpwh.gov.ph))

<sup>7</sup> Omnibus Guidelines with Amendments as of August 6, 2021 ([pcoo.gov.ph](http://pcoo.gov.ph))

<sup>8</sup> Elementary occupations involve the performance of simple and routine tasks which may require the use of hand-held tools and considerable physical effort.

<sup>9</sup> Service and sales workers provide personal and protective services related to travel, housekeeping, catering, personal care, or protection against fire and unlawful acts, or demonstrate and sell goods in wholesale or retail shops and similar establishments, as well as at stalls and on markets.

<sup>10</sup> Craft and related trades workers apply specific knowledge and skills in the fields to construct and maintain buildings, form metal, erect metal structures, set machine tools, or make, fit, maintain and repair machinery, equipment or tools, carry out printing work produce or process foodstuffs, textiles, or wooden, metal and other equipment or tools, carry out printing work produce or process foodstuffs, textiles, or wooden, metal and other articles, including handicraft goods.

## The underemployment rate significantly improved to 14.7 percent, given improving job conditions.

7. The number of underemployed<sup>11</sup> workers substantially decreased by 2.2 million, bringing down the underemployment rate to 14.7 percent from 20.9 percent, close to the figure recorded in June 2021.

**Table 3. Underemployment Rates, January 2020 – August 2021**  
 (in percent)

Area	2020 <sup>a,b</sup>				2021 <sup>p,a</sup>							
	Jan	Apr	Jul	Oct <sup>p</sup>	Jan <sup>b</sup>	Feb <sup>c</sup>	Mar <sup>c</sup>	Apr <sup>b</sup>	May <sup>c</sup>	Jun <sup>c</sup>	Jul <sup>b</sup>	Aug <sup>c</sup>
<b>National</b>	14.8	18.9	17.3	14.4	16.0	18.2	16.2	17.2	12.3	14.2	20.9	14.7

<sup>p</sup> Estimates are preliminary and may change; <sup>a</sup>Estimates are based on 2015 CPH population projections; <sup>b</sup> Estimates for quarterly round of the LFS; <sup>c</sup> 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: Labor Force Survey (LFS), PSA

8. In terms of hours worked, the bulk of the decline in underemployment are from those invisibly underemployed<sup>12</sup> (-2.3 million) which is also reflected by the overall reduction of workers working over 48 hours per week. In particular, the number of workers citing the pandemic and wanting more earnings as the reason for working more than 48 hours decreased and accounted for 81 percent of the monthly reduction in workers working overtime. On the other hand, the number of those visibly underemployed<sup>13</sup> increased by 98,000 along with the increase in part-time employment.

<sup>11</sup> Employed individuals who want more work

<sup>12</sup> Invisibly underemployed are persons working at least 40 hours and still want additional hours of work

<sup>13</sup> Visibly underemployed are persons who are working less than 40 hours per week and want more hours of work



## With 3.4 million more workers rejoining the labor force, the unemployment rate reached 8.1 percent.

9. The increase in the LFPR was one factor for the increase in the unemployment rate. However, more people were able to find work, leading to the aforementioned increase in the number of employed people.
10. The year-to-date (YTD) average unemployment rate is now 8.0 percent, which is the midpoint of the Philippine Development Plan (PDP) target of 7.0 to 9.0 percent. Meanwhile, YTD youth unemployment rate, which is at 16.0 percent, remains within the PDP target range of 14.5 to 16.5 percent.

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

Indicator	2020 <sup>a,b</sup>				2021 <sup>p,a</sup>							
	Jan	Apr	Jul	Oct <sup>p</sup>	Jan <sup>b</sup>	Feb <sup>c</sup>	Mar <sup>c</sup>	Apr <sup>b</sup>	May <sup>c</sup>	Jun <sup>c</sup>	Jul <sup>b</sup>	Aug <sup>c</sup>
<b>Overall</b>	5.3	17.6	10.0	8.7	8.7	8.8	7.1	8.7	7.7	7.7	6.9	8.1
15-24	13.6	31.5	22.4	19.4	19.8	18.5	15.4	15.8	14.5	14.5	15.4	16.0
25-54	4.0	16.0	8.1	7.3	7.4	7.5	6.0	8.1	6.9	7.1	5.9	7.2
55 & over	2.0	10.5	4.3	4.3	3.7	4.9	2.9	4.2	4.2	3.3	3.3	3.8

<sup>p</sup> Estimates are preliminary and may change; <sup>a</sup> Estimates are based on 2015 CPH population projections; <sup>b</sup> Estimates for quarterly round of the LFS; <sup>c</sup> 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: Labor Force Survey (LFS), PSA

11. The Philippines' unemployment rate remains among the highest compared to the latest figures from major Asian emerging economies. In terms of the YTD average unemployment rate, India also recorded an 8.0 percent figure as the country experienced a massive surge of COVID-19 cases in recent months.

**Table 5. Latest Unemployment Rates Across Selected Asian Economies**

Indicator	Unemployment Rate	Month Released
China <sup>a</sup>	3.9	Mar 2021
India <sup>b</sup>	7.6	July-Aug 2021
Indonesia <sup>c</sup>	6.3	Feb 2021
Malaysia <sup>b</sup>	4.8	July 2021
<b>Philippines</b>	<b>8.1</b>	<b>August 2021</b>
Vietnam <sup>a</sup>	2.6	June 2021

Notes: a/ Unemployment in these countries is reported quarterly (March, June, September, December); b/ Unemployment in these countries is reported monthly; c/ Indonesia unemployment is reported semi-annually (February and August)

**The safe reopening of the economy, limiting restrictions to granular lockdowns, and accelerating the vaccination program are key to economic recovery.**

12. **To safely reopen the economy, the government is pilot-testing the COVID-19 alert level system with granular lockdowns in Metro Manila.** More establishments are allowed to operate in an outdoor setting regardless of the vaccination status of customers. Indoor operations have also been allowed, although establishments may only cater to fully vaccinated individuals. The easing of quarantine restrictions will also allow for more workers to return to work. This new system will be complemented by better implementation of the Prevent, Detect, Isolate, Treat, and Reintegrate + Vaccinate (PDITR+V) strategy to help curb the spread of the virus and ensure that people can continue reporting to work and earn a living safely. Establishments are likewise encouraged to innovate and adopt digital solutions to ensure business continuity and lower the risk of virus transmission.

13. Following the surge of cases in other areas outside of the National Capital Region (NCR), **the government is now focusing vaccine distribution for more people in the other regions.** Additionally, with increased vaccine supplies, **accelerating vaccination may include the expansion of vaccination sites, including work sites, removing artificial barriers, and using technology to reduce the wait and processing time.**

As of September 27, 2021, 23.8 million Filipinos have received their first dose while 20.6 million are already fully vaccinated.<sup>14</sup> About one-third of the targeted population of essential economic workers have received at least one dose.<sup>15</sup> The Philippines has received about 69.7 million vaccines as of September 27 and an around 125 million vaccines are expected to arrive by the end of the year. In line with President Duterte's recent pronouncement on opening the vaccination program to the general public beginning October 2021, the government is also preparing to inoculate minors between 12 to 17 years old. This would support the pilot face-to-face classes in low risk areas.

14. **The full implementation of the recovery programs and urgent passage of economic liberalization bills, especially the amendments to the Public Service Act, are needed to bring the economy back to pre-pandemic levels by the end of 2022 or early 2023, and restore the country's development trajectory.** Opening up the telecommunications and transport sector by relaxing foreign ownership restrictions is crucial to improving internet, logistics, and transportation services, while lowering costs for consumers. This will enable more sectors of society to better transition into the new normal and provide a better quality of life for all Filipinos.

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<sup>14</sup> <https://peace.gov.ph/2021/09/vaccination-rate-in-regions-major-cities-nationwide-going-up-as-supply-allocation-increases-galvez>

<sup>15</sup> National Vaccine Operations Center: Daily Vaccination Report as of 26 September 2021