

REPORT ON LABOR FORCE SURVEY (AUGUST 2022)

HIGHLIGHTS

1. The Philippine labor market continued to show improvements, as reflected in the recent Labor Force Survey (LFS) results. The labor force participation rate (LFPR) expanded to 66.1 percent in August 2022. This translates to 2.4 million more individuals in the labor force from August 2021.
2. Total employment reached 47.9 million in August 2022, or 3.6 million additional employment year-on-year (y-o-y). The strong employment growth in the services sector (+3.9 million) offset the employment losses in the agriculture (-265,000) and industry (-5,000) sectors.
3. The unemployment rate markedly declined to 5.3 percent from 8.1 percent a year ago. The number of unemployed workers went down to 2.7 million in August 2022 from 3.9 million in August 2021.
4. The underemployment rate remained at 14.7 percent, which translates to 548,000 more employed individuals who wanted additional hours of work. This underscores the need to strengthen policy interventions geared toward generating more productive and higher-quality employment that provides adequate income for Filipino workers and their families.

Table 1. Summary of Labor and Employment Indicators (in thousands)

Indicators	January 2020	April 2020	August 2021 ^a	August 2022 ^{b,a}
Population 15 years and over	72,841	73,722	75,610	76,519
Labor Force Level	44,934	41,058	48,113	50,551
Employment Level	42,543	33,830	44,231	47,870
Unemployment Level	2,391	7,228	3,882	2,681
Underemployment Level	6,299	6,398	6,482	7,031
Visible Underemployment	3,799	5,489	4,616	4,511
Employment Generation (y-o-y)	1,513	(7,925)	NA	3,639
Labor Force Participation Rate (%)	61.7	55.7	63.6	66.1
Employment Rate (%)	94.7	82.4	91.9	94.7
Unemployment Rate (%)	5.3	17.6	8.1	5.3
Underemployment Rate (%)	14.8	18.9	14.7	14.7
Visible Underemployment Rate (%)	8.9	16.2	10.4	9.4
Mean Hours of Work	41.3	35.0	39.6	40.5

Estimates are based on 2015 Census of Population and Housing (CPH) population projections; ^{p/} Data are preliminary and may change; ^{a/} Estimates for the monthly round of the LFS - 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; Source: LFS-PSA

The LFPR picked up to 66.1 percent in August 2022 from 63.6 percent in August 2021—registering the highest rate since the start of the pandemic.

1. More individuals (+2.4 million) joined the labor force in August 2022 relative to the same period last year, which was marked by stringent mobility restrictions to prevent the spread of the highly transmissible Delta variant.¹ The overall increase is observed across all age levels, mostly among the prime working age² (+2.0 million) and older age³ (+435,000) cohorts.

¹ Omnibus Guidelines with Amendments as of August 6, 2021 (doh.gov.ph)

² Prime working age pertains to 25-54 years old.

³ Older age cohort pertains to 55 years old and above.

2. The number of those who stayed out of the labor force decreased y-o-y (-1.5 million). Fewer individuals cited household duties (-1.2 million) and COVID-19-related reasons (-1.0 million) for opting out of the workforce. On the other hand, the number of individuals who chose to pursue and focus on their studies increased by 686,000 as face-to-face classes resumed.
3. With the further resumption of economic activities and the reopening of schools in August 2022, women’s LFPR increased to 55.9 percent (+2.0 million) from 51.4 percent in August 2021.

Table 2. Labor Force Participation Rates: 2020-2022 (in percent)

Indicator	2020			2021				2022 ^p			
	Jan	Apr	Jul	Jan	Apr	Jul	Aug ^a	Jan	Apr	Jul	Aug ^a
LFPR (total)	61.7	55.7	61.9	60.5	63.2	59.4	63.6	60.5	63.4	65.2	66.1
Youth	37.4	32.4	38.9	34.7	38.2	32.6	37.8	32.0	34.8	37.1	38.0
Male	74.8	69.8	75.3	73.9	75.0	71.9	75.8	72.9	75.1	76.4	76.2
Female	48.4	41.5	48.5	46.9	51.4	46.8	51.4	48.1	51.5	53.9	55.9

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Significant employment gains were recorded in August 2022 relative to the same period last year.

4. In August 2022, the total number of employed Filipinos reached 47.9 million or 3.6 million additional workers from August 2021. This is on account of stronger growth in the services sector.
5. The services sector recorded a 3.9 million increase in total employment, primarily attributed to the easing of quarantine restrictions relative to the same period last year. The sector’s share in the total employment further grew to 59.9 percent from 56.0 percent in August 2021. Higher employment

levels were recorded across all subsectors, except in information and communication (-12,000), with the following sectors posting the largest gains: wholesale and retail trade (+1.5 million), accommodation and food services (+479,000), administrative and support services (+416,000), transportation and storage (+349,000), education (+288,000), public administration (+282,000), and other services (+193,000). These had limited operational capacity during the spread of the Delta variant in August 2021. Meanwhile, face-to-face classes,⁴ domestic and international tourism, and other recreational activities, among others, have resumed in the most recent survey period.

Table 3. Employment: 2020-2022

Indicator	2020			2021				2022 ^p			
	Jan	Apr	Jul	Jan	Apr	Jul	Aug ^a	Jan	Apr	Jul	Aug ^a
Employment rate (%)	94.7	82.4	90.0	91.3	91.3	92.8	91.9	93.6	94.3	94.8	94.7
Employment growth (y-o-y in %)	3.7	(19.0)	(2.9)	(3.0)	27.9	0.9	na	4.3	5.5	13.7	8.2
Employment Levels (in million)											
Agriculture	9.6	8.8	10.9	10.0	10.6	9.2	11.1	9.3	10.7	11.1	10.8
Industry	8.0	5.7	7.8	7.6	7.9	8.3	8.4	8.3	8.4	8.4	8.4
Manufacturing	3.6	2.7	3.4	3.1	3.4	3.5	3.7	3.6	3.7	3.5	3.7
Construction	4.0	2.8	4.0	4.1	4.1	4.4	4.3	4.3	4.4	4.5	4.3
Services	24.9	19.3	22.7	23.6	24.8	24.2	24.8	25.4	26.5	27.9	28.7

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- On the other hand, the agriculture sector, which accounts for 22.6 percent of total employment, shed around 265,000 employment y-o-y. Both agriculture and forestry (-140,000) and fishing and aquaculture (-124,000) contributed to the decline amid the continued challenge of high fuel and

⁴ DepEd Order 34, s. 2022 (deped.gov.ph)

fertilizer prices,⁵ African swine fever,^{6,7,8} and bird flu.⁹ In addition, a 7.0-magnitude earthquake hit Northern Luzon on July 27, causing PHP75 million worth of agricultural damage,¹⁰ whereas the damage from severe tropical storm Florita amounted to PHP1.9 billion.¹¹ Flooding in Kalinga and Maguindanao damaged more than PHP3 million and PHP130 million worth of crops, respectively.^{12,13}

7. Similarly, industry (-5,000) posted employment losses, primarily from the construction (-81,000) and manufacturing (-48,000) subsectors. The less optimistic business sentiments for Q3 2022, due to rising input prices and peso depreciation,¹⁴ slowed the performance of these sectors relative to last year.¹⁵ Nonetheless, these were tempered by employment expansion in electricity (+58,000), mining and quarrying (+44,000), and water supply (+22,000).
8. Across occupations, employment gains were observed in all except for managers (-730,000) and skilled agricultural workers (-347,000). The top contributors to the increase in employment y-o-y are service and sales workers (+2.1 million), elementary occupations¹⁶ (+682,000), professionals (+627,000), clerical support workers (+445,000), and craft and related trade workers (+415,000).

⁵ Gov't looking for non-traditional sources of fertilizer: PBBM | Philippine News Agency (pna.gov.ph)

⁶ Pangasinan temporarily bans entry of swine, pork from 3 provinces | Philippine News Agency (pna.gov.ph)

⁷ ASF cases continue to spread in Zambo City | Philippine News Agency (pna.gov.ph)

⁸ Aurora imposes total ban on entry of live pigs, pork products | Philippine News Agency (pna.gov.ph)

⁹ Iloilo City extends ban on poultry from bird flu-hit areas | Philippine News Agency (pna.gov.ph)

¹⁰ Situational Report for Magnitude 7.0 Earthquake in Tayum, Abra (2022) (ndrrmc.gov.ph)

¹¹ Situational Report for TC Florita (2022) (ndrrmc.gov.ph)

¹² DA readies aid to Tabuk corn farmers affected by flash flood | Philippine News Agency (pna.gov.ph)

¹³ Maguindanao under state of calamity due to floods | Philippine News Agency (pna.gov.ph)

¹⁴ Business Expectations Survey Report Q3 2022 (bsp.gov.ph)

¹⁵ Amidst the Delta variant surge, these sectors maintained full operational capacity

¹⁶ Elementary occupations involve the performance of simple and routine tasks which may require the use of hand-held tools and considerable physical effort.

9. By class of worker, more than 60 percent of employment generated (or +2.2 million) were among wage and salaried workers. Of these, 1.6 million were from private establishments. However, vulnerable employment¹⁷ also increased by 1.6 million.
10. In terms of hours worked, the bulk of employment created during the period is classified as full-time¹⁸ (+3.7 million), driving the mean hours of work upwards to 40.5 ppts (+0.8 ppt). Those who had a job but did not work due to valid reasons likewise increased by 206,000. Meanwhile, part-time employment¹⁹ declined by 261,000.

The underemployment rate remained at 14.7 percent but still translates to 7.0 million or an additional 548,000 underemployed²⁰ workers.

11. While the underemployment rate remained at 14.7 percent in August 2022, the number of employed individuals who wanted additional hours of work increased to 7.0 million from 6.5 million in the same period last year.
12. The increase in magnitude is mainly driven by the growth in invisibly underemployed²¹ (+654,000), particularly in wholesale and retail trade (+171,000) and manufacturing (+136,000). Meanwhile, the visibly underemployed²² declined (-105,000), particularly in construction (-61,000) and transportation and storage (-59,000) subsectors.
13. Underemployment increased across all classes of workers y-o-y except among employers-in-own-family-operated-farm/business (-13,000). The

¹⁷ Vulnerable employment includes the self-employed and unpaid family workers

¹⁸ Those who worked for 40 hours or more in a week.

¹⁹ Those who worked for less than 40 hours in a week.

²⁰ Employed individuals who want more work

²¹ Invisibly underemployed are persons working full-time or at least 40 hours per week but want more hours of work

²² Visibly underemployed are persons who are working part-time or less than 40 hours per week and want more hours of work

bulk of the increase came from self-employed (+267,000) and wage and salary workers (196,000), of which 180,000 are working in private establishments.

The unemployment rate dropped by 2.8 ppts y-o-y to 5.3 percent in August 2022.

14. The number of unemployed individuals decreased to 2.7 million from 3.9 million in the same period last year as more activities resumed and fully reopened.
15. The decline was observed across all age groups and levels of education, mainly among the youth (-393,000) and those with junior high school education (-535,000).
16. Moreover, the number of unemployed persons who did not look for work due to valid reasons substantially declined (-869,000), reflecting a better and more robust labor market than last year. Consistently, those who cite COVID-19-related reasons for not looking for work decreased (-1.0 million).

Table 4. Unemployment Rates: 2020–2022 (in percent)

Indicator	2020			2021				2022 ^p			
	Jan	Apr	Jul	Jan	Apr	Jul	Aug ^a	Jan	Apr	Jul	Aug ^a
Overall	5.3	17.6	10.0	8.8	8.7	7.2	8.1	6.4	5.7	5.2	5.3
15-24	13.6	31.5	22.4	19.8	15.8	15.9	16.0	13.8	12.3	11.9	10.8
25-54	4.0	16.0	8.1	7.4	8.1	6.1	7.2	5.6	5.1	4.5	4.8
55 and over	2.0	10.5	4.3	3.7	4.2	3.7	3.8	3.3	2.3	2.2	2.2

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17. The country’s unemployment rate is largely at par with major Asian economies and is considerably lower compared to that of India.

Table 5. Latest Unemployment Rates Across Selected Asian Economies

Indicator	Unemployment Rate	Month released
China ^a	5.5	June 2022
India ^b	8.3	August 2022
Malaysia ^b	3.7	July 2022
Philippines	5.3	August 2022
Indonesia ^c	5.8	February 2022
Vietnam ^a	2.1	September 2022

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

Investments in productive sectors and human capital can pave the way to more quality employment.

18. Further de-escalation of alert levels in various areas and full face-to-face classes are expected to increase economic activities. These will be supported by continued vaccination efforts alongside improvements in the healthcare system.

As of October 4, 2022, around 73.2 million or 93.8 percent of the country’s target population have received their complete dose, and more than 19.9 million have been inoculated with the booster dose.²³

Despite the declining number of new COVID-19 cases,²⁴ it is crucial to improve the capacity of the country’s health system to monitor and respond to COVID-19 surges alongside other diseases (e.g., Legionnaire’s disease, monkeypox, dengue, and chronic illnesses). Both the national and

²³ Department of Health website (doh.gov.ph)

²⁴ Daily average of new Covid-19 cases in PH down 10% | Philippine News Agency (pna.gov.ph)

local governments are urged to take preventive measures and create contingency plans to ensure the readiness of hospitals and medical centers. These will prevent large-scale lockdowns and help sustain the country's economic recovery.

19. **Further implementation of alternative work arrangements is encouraged**, considering the evolving nature of work accelerated by the pandemic.²⁵ The Department of Labor and Employment (DOLE) recently revised the implementing rules and regulations of the Telecommuting Act.
20. In light of the recent calamities, **effective implementation of disaster risk management measures needs to be ensured, including social protection programs for affected communities**. Leveraging technology (e.g., the recently launched PlanSmart Ready to Rebuild)²⁶ will improve preventive and response measures and mitigate possible labor market downturns in times of disaster. Knowledge-sharing of best practices across local government units (LGU) is likewise encouraged.²⁷
21. The **full implementation of key reforms, such as the amendments to the Public Service Act, Foreign Investment Act, and Retail Trade Liberalization Act**, could help attract high-value and innovation-driven investments which, in turn, could help generate more quality employment.
22. **The timely passage of the FY 2023 budget and expediting the FY 2022 national budget implementation, particularly of job-generating infrastructure projects**, are crucial to accelerating recovery and mitigating the impact of external risks.

²⁵ Employers urged to implement alternative workplace schemes | Philippine News Agency (pna.gov.ph)

²⁶ New app to boost LGUs' disaster rehab, recovery efforts | Philippine News Agency (pna.gov.ph)

²⁷ Pasig village willing to share best DRRM practices to other LGUs | Philippine News Agency (pna.gov.ph)

23. **Strategies for a more efficient labor market** will be outlined in the forthcoming Philippine Development Plan (PDP) 2023-2028, which include improving the quality of education, providing opportunities for life-long learning, in-demand skills development and options to obtain micro-credentials, enhancing job facilitation programs, and strengthening linkages among industry, business, and training institutions.