REPORT ON LABOR FORCE SURVEY
(JULY 2022)

HIGHLIGHTS

1. As the economy further reopens, all headline labor market indicators improved year-on-year (y-o-y) in the July 2022 round of Labor Force Survey (LFS).

2. The labor force participation rate (LFPR) increased to 65.2 percent–the highest since the onset of the pandemic– from 59.4 percent in July 2021. This translates to 5.1 million more individuals in the labor force relative to the same period last year when the spread of the Delta variant led to acute risk aversion.

3. The total number of employed individuals reached 47.4 million or an additional 5.7 million employment generated over the same period last year. The majority of the increase in employment came from the services (+3.7 million) and agriculture (+1.9 million) sectors.

4. Correspondingly, the unemployment rate decreased to 5.2 percent from 7.2 percent in July 2021. This is also the lowest recorded rate since the start of the pandemic.

5. The underemployment rate also fell to 13.8 percent from 21.0 percent in July 2021, or 2.2 million fewer underemployed persons.

6. To sustain these employment gains, the government needs to fully reopen the economy, address inflationary pressures, and accelerate the implementation of the 8-point socioeconomic agenda.

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

Indicators	January 2020	April 2020	July 2020	July 2021	July 2022[p]
Population 15 years and over	72,841	73,722	74,060	75,574	76,639
Labor Force Level	44,934	41,058	45,871	44,900	49,994
Employment Level	42,543	33,830	41,302	41,671	47,391
Unemployment Level	2,391	7,228	4,569	3,229	2,602
Underemployment Level	6,299	6,398	7,136	8,769	6,543
Visible Underemployment	3,799	5,489	5,160	4,588	4,276
Employment Generation (y-o-y)	1,513	(7,925)	(1,220)	369	5,721
Labor Force Participation Rate (%)	61.7	55.7	61.9	59.4	65.2
Employment Rate (%)	94.7	82.4	90.0	92.8	94.8
Unemployment Rate (%)	5.3	17.6	10.0	7.2	5.2
Underemployment Rate (%)	14.8	18.9	17.3	21.0	13.8
Visible Underemployment Rate (%)	8.9	16.2	12.5	11.0	9.0
Mean Hours of Work	41.3	35.0	38.2	41.7	40.5

Estimates are based on 2015 Census of Population and Housing (CPH) population projections; [p] Data are preliminary and may change; Source: LFS-PSA

The LFPR rebounded to 65.2 percent in July 2022 from 59.4 percent in July 2021 – the highest recorded rate since the start of the pandemic.

1. More individuals (+5.1 million) joined the labor force in July 2022, compared to the same period last year which was marked by acute risk aversion due to the spread of the Delta variant. The overall increase is observed across all age levels, mostly among the prime working age[1] (+2.8 million) and youth[2] (+922,000) cohorts.

2. The number of those who stayed out of the labor force substantially decreased y-o-y (-4.0 million). The bulk of the decrease was recorded among workers citing COVID-19-related reasons (-1.7 million), household duties (-837,000), and age limitations (-642,000) for not looking for work. Meanwhile, an additional 12,000 persons opted to stay out of the labor force

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[1] Prime working age pertains to 25-54 years old.
[2] Youth cohort pertains to 15-24 years old.

and continue their studies amid the resumption of face-to-face classes at all levels.

3. With the reopening of many schools, women were relieved from additional care work at home, allowing more possibilities to be economically active. This translates to further improvement in the women's LFPR to 53.9 percent from 46.8 percent in July 2021, or additional 3.0 million individuals.

4. All regions posted increases in their respective LFPRs relative to the previous year. LFPR in National Capital Region (NCR) improved to 62.4 percent from 57.8 percent, while LFPR in areas outside of NCR (AONCR) increased to 65.7 percent from 59.7 percent.

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

Indicator	2020			2021			2022[p]			
	Jan	Apr	Jul	Jan	Apr	Jul	Jan	Apr	Jun[a]	Jul
LFPR (total)	61.7	55.7	61.9	60.5	63.2	59.4	60.5	63.4	64.8	65.2
Youth	37.4	32.4	38.9	34.7	38.2	32.6	32.0	34.8	35.9	37.1
Male	74.8	69.8	75.3	73.9	75.0	71.9	72.9	75.1	76.3	76.4
Female	48.4	41.5	48.5	46.9	51.4	46.8	48.1	51.5	53.2	53.9

Estimates are based on 2015 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 total number of employed individuals reached 47.4 million or 94.8 percent employment rate – the highest recorded employment level and rate since the onset of the COVID-19 pandemic. This translates to 5.7 million additional employment generated compared to the same period last year.

5. Relative to July 2021, the majority of the increase came from the services sector (+3.7 million), particularly in wholesale and retail trade (+2.1 million), accommodation and food services (+498,000), other services (+354,000), transportation and storage (+184,000), and arts and entertainment (+159,000), as quarantine restrictions were eased and mobility exceeded pre-pandemic levels.[3] Public administration (+206,000) also recorded higher employment figures as career service examinations resumed.[4] Administrative and support services (+170,000) likewise posted y-o-y gains, in accordance with the positive growth outlook of establishments in business activities on own operations for Q3 2022.[5] However, these were slightly tempered by employment losses in professional activities (-93,000) and information and communication (-54,000).

Table 3. Employment: 2020-2022

Indicator	2020[a]			2021[b]			2022[p,b]			
	Jan	Apr	Jul	Jan[a]	Apr[a]	Jul[a]	Jan[a]	Apr[a]	Jun	Jul[a]
Employment rate (%)	94.7	82.4	90.0	91.3	91.3	92.8	93.6	94.3	94.0	94.8
Employment growth (y-o-y, %)	3.7	(19.0)	(2.9)	(3.0)	27.9	0.9	4.3	5.5	3.4	13.7
Employment Levels (in million)										
Agriculture	9.6	8.8	10.9	10.0	10.6	9.2	9.3	10.7	11.4	11.1
Industry	8.0	5.7	7.8	7.6	7.9	8.3	8.3	8.4	8.9	8.4
Manufacturing	3.6	2.7	3.4	3.1	3.4	3.5	3.6	3.7	3.6	3.5
Services	24.9	19.3	22.7	23.6	24.8	24.2	25.4	26.5	26.3	27.9

Estimates are based on 2015 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

6. Employment in the agriculture sector also significantly increased by 1.9 million, mainly from the agriculture and forestry subsector (+1.7 million), followed by fishing and aquaculture (+198,000) due to fewer weather disturbances relative to the same period last year. The national government and local

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[3] Google COVID-19 Mobility Trends (*ourworldindata.org*)
[4] Examinations (*csc.gov.ph*)
[5] Business Expectations Survey Q2 2022 | Bangko Sentral ng Pilipinas (*bsp.gov.ph*)

government units continue to provide seeds, fertilizers, and farm and fishing equipment to boost productivity in the sector.

7. Similarly, the industry sector generated employment y-o-y (+96,000). Construction (+137,000) and electricity (+14,000) subsectors are the main contributors to the net employment growth. More construction projects have resumed as limitations in operating capacity were lifted. On the other hand, manufacturing (-34,000), water supply (-11,000), and mining and quarrying (-10,000) registered slight decreases, moderating the additional employment created by the sector. Manufacturing activities weakened during the period due to rising prices. This was further aggravated by logistical challenges, particularly shipment delays and port congestion.[6]

8. All major occupation groups recorded employment gains except for managers (-1.0 million). In particular, service and sales workers (+2.5 million), elementary occupations [7] (+2.4 million), skilled agricultural workers (+827,000), and clerical support workers (+550,000) were the top contributors to the employment expansion y-o-y.

9. By class of worker, almost 74 percent of employment created relative to the same period last year are classified as vulnerable (i.e., self-employed and unpaid family workers), increasing the proportion of vulnerable employment to total employment from 29.9 percent in July 2021 to 35.2 percent in July 2022. Nonetheless, the number of wage and salary workers increased by 1.5 million, of which 928,000 are from private establishments.

10. The increase in employment relative to July 2021 were mostly permanent in nature (+4.5 million), bulk of which came from wholesale and retail trade

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[6] S&P Global Philippines Manufacturing PMI (*spglobal.com*)
[7] Elementary occupations involve the performance of simple and routine tasks which may require the use of hand-held tools and considerable physical effort.

(+1.6 million), followed by agriculture and forestry (+1.4 million), transportation and storage (+287,000), other services (+274,000), construction (+245,000), accommodation and food services (+236,000), fishing and aquaculture (+209,000), public administration (+155,000), and arts and entertainment (+107,000). Meanwhile, a total of 1.3 million short-term employment was created, with the majority from wholesale and retail trade (+611,000), accommodation and food service (+270,000), and agriculture and forestry (+178,000). Those who reported having had different employers dropped (-87,000) across all subsectors except in agriculture and forestry (+147,000) and construction (+11,000).

11. In terms of hours worked, part-time employment[8] increased by 3.3 million more individuals compared to the same period last year. Similarly, full-time employment[9] increased by 2.2 million. The significant expansion in part-time employment resulted in lower mean hours of work (from 41.7 in July 2021 to 40.5 in July 2022).

12. Employment gains were recorded in all regions, increasing employment rates except in Northern Mindanao, which declined by -0.4 ppt. The following regions logged the largest increases in employment levels y-o-y: Central Luzon (+850,000), CALABARZON (+716,000), NCR (+617,000), and Central Visayas (+559,000). As economic hubs, these regions benefitted the most from the reopening of the economy.

The underemployment rate significantly improved to 13.8 percent from 21.0 percent in July 2021.

13. Relative to July 2021, the number of underemployed [10] workers substantially declined by 2.2 million. The reduction in workers wanting

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[8] Those who worked for less than 40 hours in a week.
[9] Those who worked for 40 hours or more in a week.
[10] Employed individuals who want more work.

more hours of work in the services (-1.2 million), industry (-636,000), and agriculture (-381,000) sectors, brings down the underemployment rate to 13.8 percent in July 2022 from 21.0 percent in the same period last year.

14. By hours worked, invisible underemployment[11] (-1.9 million) improved y-o-y, particularly in wholesale and retail trade (-351,000), agriculture and forestry (-347,000), and construction (-332,000). Visible underemployment [12] (-313,000) also declined, particularly in the transportation and storage (-59,000) and manufacturing (-57,000) subsectors.

15. Improvement in underemployment is broadly seen across all classes of workers except among unpaid family workers (+134,000). The bulk of the decline came from wage and salary workers (-1.9 million), of which -1.6 million are in private establishments. This was followed by the self-employed (-383,000) and employers in family-operated farms or businesses (-95,000).

16. All regions saw improved underemployment rates relative to July 2021. Zamboanga Peninsula exhibited the largest decrease (12.9% from 25.1%), followed by Eastern Visayas (16.0% from 27.3%), Bicol (19.4% from 30.3%), and Cagayan Valley (15.1% from 25.0%). Central Luzon recorded the lowest underemployment rate at 7.0 percent, down from 14.4 percent in July 2021. The reduction of underemployed workers in the regions brings down the underemployment rate in AONCR to 14.7 percent from 22.0 percent in the same period last year. Meanwhile, the underemployment rate in NCR declined to 7.7 percent from 14.2 percent in July 2021.

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[11] Invisible underemployment are persons working at least 40 hours and still want additional hours of work
[12] Visible underemployment are persons who are working less than 40 hours per week and want more hours of work

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

Indicator	2020			2021			2022[p]			
	Jan	Apr	Jul	Jan	Apr	Jul	Jan	Apr	Jun[a]	Jul
National	14.8	18.9	17.3	16.0	17.2	21.0	14.9	14.0	12.6	13.8
Areas Outside NCR	16.3	20.3	18.1	17.1	17.5	22.0	15.7	15.0	n.a.	14.7

Estimates are based on 2015 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 unemployment rate further dropped to 5.2 percent in July 2022, the lowest recorded rate since the onset of the pandemic in 2020.

17. Fewer unemployed persons (-627,000) were recorded relative to the previous year as the economy continues to expand and recover from the pandemic. The overall unemployment rate of 5.2 percent (from 7.2% in July 2021) is equivalent to roughly 2.6 million unemployed.

18. All age groups registered decreases in unemployment rates, particularly among the youth – aged 15 to 24 years (11.9% from 15.9% in July 2021). The sharp decline in the unemployment rate of senior high school undergraduates (7.8% from 14.3%) countered the increase in the unemployment rate of college graduates (8.0% from 7.8%).

19. The number of unemployed persons who did not look for work due to valid reasons declined (-721,000), reflecting a more optimistic view of the labor market. Those who cited COVID-19-related reasons significantly decreased (-962,000) as approximately 85.0 percent of the economy had been under Alert Level 1 during the period.[13]

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[13] Based on NEDA estimates.

20. A total of 16 out of 17 regions recorded a decrease in their respective unemployment rates y-o-y. Only Northern Mindanao posted a higher unemployment rate (5.3% from 4.9% in July 2021), primarily due to the increase in labor force entrants in the region during the period. Meanwhile, recording the highest unemployment rate decreases are Central Visayas (4.6% from 9.0%), Bicol (5.2% from 8.4%), Central Luzon (5.0% from 7.3%), and NCR (6.9% from 9.1%).

Table 5. Unemployment Rates: 2020–2022 (in percent)

Indicator	2020			2021			2022[p]			
	Jan	Apr	Jul	Jan	Apr	Jul	Jan	Apr	Jun[a]	Jul
Overall	5.3	17.6	10.0	8.8	8.7	7.2	6.4	5.7	6.0	5.2
15-24	13.6	31.5	22.4	19.8	15.8	15.9	13.8	12.3	11.8	11.9
25-54	4.0	16.0	8.1	7.4	8.1	6.1	5.6	5.1	5.6	4.5
55 and over	2.0	10.5	4.3	3.7	4.2	3.7	3.3	2.3	2.7	2.2

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21. The country's unemployment rate is largely at par with major Asian economies and is lower than those of India, Indonesia, and China.

Table 6. Latest Unemployment Rates Across Selected Asian Economies

Indicator	Unemployment Rate	Month released
China[a]	5.5	June 2022
India[b]	6.8	July 2022
Malaysia[b]	4.1	June 2022
Philippines	**5.2**	**July 2022**
Indonesia[c]	5.8	February 2022
Vietnam[a]	2.5	June 2022

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 share of youth not in education, employment, or training declined to 12.9 percent in July 2022 from 17.5 percent in July 2021.

22. The proportion of youth not in education, employment, or training (NEET) dropped to 12.9 percent from 17.5 percent in July 2021, or 930,000 less NEET. The majority of the decrease came from the youth, not in the labor force (-788,000). The decline in the number of youth citing the pandemic or lockdowns (-788,000) and being tired or believing that there was no work available (-490,000) as the reasons for not looking for work contributed the most to the overall reduction in youth, not in the labor force.

Table 7. Share of Youth NEE and NEET to Total Youth Population: 2020–2022 (in percent)

Indicator	2020			2021			2022ᵖ		
	Jan	Apr	Jul	Jan	Apr	Jul	Jan	Apr	Jul
Share of youth NEE (%)	17.1	25.3	11.4	19.6	15.9	17.7	14.6	11.9	12.9
Share of youth NEET (%)	16.9	25.2	11.4	19.4	15.8	17.5	14.5	11.9	12.9

Estimates are based on 2015 CPH population projections; ᵖ Data are preliminary and may change; Source: LFS-PSA

Sustaining the current growth momentum in productive sectors while ensuring quality employment is key to further improving labor market outcomes.

23. **More areas are being de-escalated to Alert Level 1 as vaccination and booster rates improve.** The DOH is set to administer at least 5 million booster shots through a weeklong special vaccination campaign against COVID-19 (September 26 to 30). Around 72.6 million, or 92.98 percent of the country's target population have been vaccinated.[14] Of these, almost

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[14] PH daily average of Covid-19 cases down 10% | Philippine News Agency *(pna.gov.ph)*

18.2 million have received their first booster dose and more than 2.3 million have been inoculated with the second booster dose.

24. **Meanwhile, the resumption of face-to-face classes is expected to further increase domestic activities.** The same vaccination campaign of DOH was extended to school premises to encourage more students and parents to be vaccinated.[15] Local government units are likewise encouraged to assist in the transition to the full five days of face-to-face classes.[16] In addition, **a catch-up plan needs to be formulated to regain lost learning from the past two years**.

25. **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 quality employment.

26. The timely implementation of the FY 2022 national budget and the passage of the FY 2023 budget are crucial to accelerating recovery, mitigating the impact of external risks, and jumpstarting the economic transformation programs in the medium-term.

27. **Broad strategies for a more efficient labor market** include improving the quality of education, providing opportunities for life-long learning, in-demand skills development, options to obtain micro-credentials, enhancing job facilitation programs, and strengthening linkages among industry, business, and training institutions.

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[15] Covid-19 vaccination activities to continue in schools: DOH | Philippine News Agency (*pna.gov.ph*)
[16] Help schools prepare for F2F classes, DILG tells LGUs | Philippine News Agency (*pna.gov.ph*)