

SEPTEMBER 2020

## HOW THE COVID-19 PANDEMIC IS RESHAPING THE PHILIPPINE LABOR MARKET: A CENTRAL VISAYAS SITUATIONER

This report will present the labor market landscape of Region VII- Central Visayas before and after the pandemic. This will also discuss the impact of COVID-19 on industries, as well as, to elucidate the Region's future labor market in the "new normal".

The novel coronavirus (COVID-19) pandemic has sparked extreme concerns and harshly disrupted the global and national labor markets. Thousands of workers at the lower end of our labor markets, in precarious jobs or the informal economy, have suffered from lockdown measures and are paying a high price, losing their jobs and livelihoods.

With this, we mapped out the condition of the labor market of Region VII before and during the outbreak. We will also describe the expected condition of the labor market as an effect of the pandemic. Data will be sourced on our primary reports, secondary sources, and other available administrative data.

### I. PRE-PANDEMIC LABOR MARKET SITUATION

#### 2019 LABOR FORCE

Table 1. 2019 Unemployment and Underemployment Rate in Central Visayas (Region VII)

<b>Unemployment and Underemployment, in Region VII-Central Visayas:2019</b>					
(In Percent)					
	Total Population 15 Years Old and Over (in '000)	Labor Force Participation Rate	Employment Rate	Unemployment Rate	Underemployment Rate
January 2019 <sup>1</sup>	5,387	63.1	94.8	5.2	24.5
April 2019 <sup>2</sup>	5,404	62.5	94.5	5.5	12.3
July 2019 <sup>3</sup>	5,436	60.6	94.0	6.0	12.3
October 2019 <sup>4</sup>	5,330	60.7	95.2	4.8	16.0

Source: PSA Labor Force Survey 2019

<sup>1</sup> Philippine Statistics Authority. Labor Force Survey- Employment Situation in January 2019. *Table 4.* (2019). See more at <https://psa.gov.ph/content/employment-situation-january-2019>

<sup>2</sup> Philippine Statistics Authority. Labor Force Survey- Employment Rate in April 2019 is Estimated at 94.9 Percent. *Table 4.* (2019). See more at <https://psa.gov.ph/content/employment-rate-april-2019-estimated-949-percent>

<sup>3</sup> Philippine Statistics Authority. Labor Force Survey- Employment Rate in July 2019 is Estimated at 94.6 Percent. (2019). *Table 4.* See more at <https://psa.gov.ph/content/employment-rate-july-2019-estimated-946-percent>

<sup>4</sup> Philippine Statistics Authority. Labor Force Survey- Employment Rate in October 2019 is Estimated at 95.5 Percent. *Table.* (2019). See more at <https://psa.gov.ph/content/employment-rate-october-2019-estimated-955-percent>

SEPTEMBER 2020

### 2019 Employment Rate

Table 1 shows the Labor Force Survey of Central Visayas for year 2019. In January 2019, the employment rate was estimated at 94.8 percent (94.8%), while it decreased to 94.5 percent (94.5%) in April 2019. In July 2019, Region VII was one of the regions with the lowest employment rate at 94 percent (94%), however, a sudden increased in October 2019 with 95.2 percent (95.2 %).

### 2019 Labor Force Participation Rate

The January 2019 Labor Force Survey in Region VII recorded a labor force participation rate (LFPR) of 63.1 percent (63.1%) given the population 15 years old and over. In April 2019 the LFPR was recorded at 62.5 percent (62.5%), 60.6 percent (60.6%) in July 2019, and 60.7 percent (60.7%) was recorded in October 2019.

### 2019 Unemployment Rate

By definition, unemployed persons are people in the labor force who are reported as (1) without work; and (2) currently available for work; and (3) seeking work or not seeking work because of the belief that no work is available, or awaiting results of previous job application, or because of temporary illness or disability, bad weather or waiting for rehire or job recall.

As presented in Table 1, in January 2019, unemployment in Central Visayas reached 5.2 percent (5.2%) and increased at 5.5 percent (5.5%) in April 2019. The unemployment rate endured to increase at 6.0 percent (6.0%) while a sudden drop at 4.8 percent (4.8%) in October 2019.

### 2019 Underemployment Rate

Technically, employed persons who express the desire to have additional hours of work in their present job, or to have additional job, or to have a new job with longer working hours are considered underemployed. In January 2019, the underemployment rate of Region VII was estimated at 24.5 percent (24.5%), in April 2019 it decreased to 12.3 percent (12.3%) and it remained until July 2019. In October 2019, the underemployment rate was at 16 percent (16%).

## KEY EMPLOYMENT GENERATORS (KEGs)

Key Employment Generators (KEGs) refer to major industry groups with the greatest potential to generate employment and absorb bulk of the workforce in the years to come.

According to the *Trabaho, Negosyo at Kabuhayan* (TNK) Blueprint for decent employment and entrepreneurship is a new government blueprint that prioritizes decent job creation, entrepreneurship, creativity and innovation, formalization and growth of micro, small, and medium-sized enterprises (MSMEs).

SEPTEMBER 2020

Figure 1. Employment Creation in KEGs, TNK Blueprint 2017-2022



Source: TNK Blueprint 2017-2022

Figure 2. Top 10 Key Employment Generating (KEGs), JobsFit 2017-2022



Source: JobsFit 2022

It was predicted by the Department of Labor and Employment's (DOLE) and the Bureau of Local Employment's (BLE) JobsFit 2022 Labor Market Information Report, that the Information Technology and Business Process Management (IT-BPM) will remain the Philippines' top job generator until 2022.

SEPTEMBER 2020

### EMERGING INDUSTRIES (EIs)

Emerging Industries (EIs) are industry groups growing at a rate faster than the economy and exhibiting potential to grow and prosper, thus capable of generating a large number of new and fresh employment.

Figure 3. EIs in Region VII, 2017-2022



Source: JobsFit 2017 Regional Consultations

### 2019 LABOR SUPPLY



77,078 JOBSEEKERS

56% 44%



Female applicants comprised the largest population of registrants with 55.91% (43,092) compared to Male applicants with 44.09% (33,986).

### 2019 LABOR DEMAND

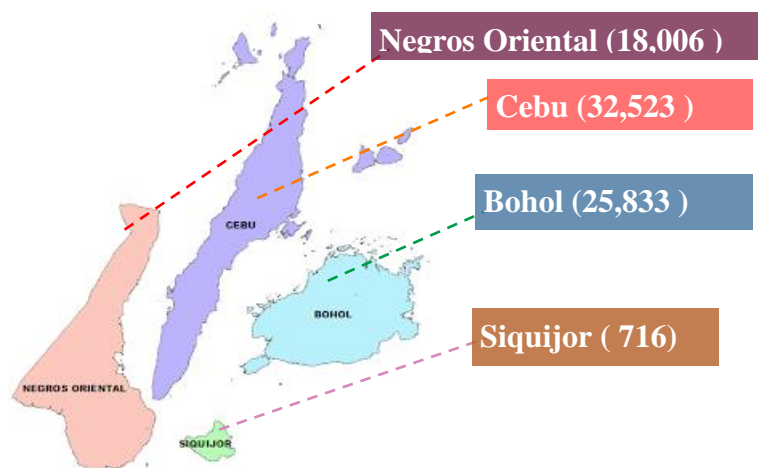


459 ESTABLISHMENTS

55,393 VACANCIES



Figure 4. Distribution of Registrants by Provinces



According to the DOLE-Regional Office 7's Labor Market Update for C.Y. 2019, there are 77,078 jobseekers (Figure 4)- registrants in the DOLE's Public Employment Information System (PEIS)- wherein the breakdown of jobseekers by provinces is illustrated in Figure 5.

Source: DOLE 7 Labor Market Update, 2019, from PEIS System, as of December 31, 2019

Table 2. Top 10 Industries in Central Visayas

1	Other Community, Social & Personal Services Activities
2	Transport, Storage & Communication
3	Wholesale & Retail Trade
4	Financial Intermediation
5	Hotels and Restaurants Activities of Private Households as Employers & Undifferentiated Production Activities of Private
6	Manufacturing
7	Construction Health & Social Work
8	Education
9	Electricity, Gas, and Water Supply Real Estate, Renting & Business Activities
10	Agriculture

SEPTEMBER 2020

## II. LABOR MARKET SITUATION DURING THE COVID-PANDEMIC

The pandemic has caused the world with challenges. Mostly all countries had to shut down their economies to end the spread of the virus and the Philippines is one of those countries that have taken strict measures by implementing the Enhanced Community Quarantine on 15 March 2020. As the government and private sectors in the Philippines seek to save lives by slowing down the spread of the coronavirus, they have to take dramatic measures, with big implications for economic activity.

Citing data from its regional offices, the Department of Labor and Employment reported, as of April 24, more than two million workers nationwide have been displaced as local governments continue to implement COVID-19 quarantine measures. In this report approximately around 1.4 million were displaced due to temporary closures of establishments, while over 600,000 personnel reported reduced incomes due to modified working arrangements (fewer workdays, rotation, forced leave, and telecommuting).

In this chapter, we will present the Labor Market situation of Central Visayas during the pandemic.

### **2020 LABOR FORCE SURVEY**

Table 3. 2020 Unemployment and Underemployment Rate in Central Visayas (Region VII)

Unemployment and Underemployment, in Region VII-Central Visayas:2020					
(In Percent)					
	Total Population 15 Years Old and Over (in '000)	Labor Force Participation Rate	Employment Rate	Unemployment Rate	Underemployment Rate
January 2020 <sup>5</sup>	5,380	63.9	96.5	3.5	14.7
April 2020 <sup>6</sup>	5,420	57.3	83.3	16.7	17.7
July 2020 <sup>7</sup>	5,482	57.8	88.3	11.7	17.0

Source: PSA Labor Force Survey 2020

<sup>5</sup> Philippine Statistics Authority. Labor Force Survey- Employment Situation in January 2020. *Table 4.* (2020). See more at <https://psa.gov.ph/content/employment-rate-january-2020-estimated-947-percent>

<sup>6</sup> Philippine Statistics Authority. Labor Force Survey- Employment Situation in April 2020. *Table 4.* (2020). See more at <https://psa.gov.ph/content/employment-situation-april-2020>

<sup>7</sup> Philippine Statistics Authority. Labor Force Survey- Employment Situation in July 2020. *Table 4.* (2020). See more at <https://psa.gov.ph/content/employment-situation-july-2020>

SEPTEMBER 2020

### 2020 Labor Force Participation Rate

The January 2020 Labor Force Survey in Region VII recorded a labor force participation rate (LFPR) of 63.9 percent (63.9%), a 0.8 higher than the rate recorded last January 2019. In April 2020 the LFPR was recorded at 57.3 percent (57.3%), and 57.8 percent (57.8%) was recorded in July 2020.

### 2020 Unemployment Rate

As presented in Table 3, in January 2020, the unemployment rate in Central Visayas reached 3.5 percent (3.5%) and it dramatically increased at 16.7 percent (16.7%) in April 2019, the biggest rate for the last 2 years. The unemployment rate decreased at 11.7 percent (11.7%) but still relatively high compared to the previous rates.

### 2020 Employment Rate

As seen in Table 3, the employment rate in January 2020 was estimated at 96.5 percent (96.5%) where Region VII-Central Visayas along with MIMAROPA Region (96.4%), had the highest employment rates. This was relatively higher than the January 2019 rate of 94.8 percent (94.8%). In April 2020, the employment rate was 83.3 percent (83.3%), a huge drop from 94.5% recorded in April 2019. While a gradual increase of 88.3 percent (88.3% percent) was recorded in July 2020, still comparatively low to the July 2019 rate of 94.0 percent (94.0%).

### 2020 Underemployment Rate

In January 2020, the underemployment rate of Region VII was estimated at 14.7 percent (14.7%). It is comparatively lower than the rate recorded last January 2019 of 24.5 percent (24.5%). In April 2020, it increased to 17.7 percent (17.7%) and in October 2020, the underemployment rate was at 17 percent (17%).

## ALLOWED SECTORS TO WORK DURING ECQ & GCQ

The Department of Trade and Industry (DTI) issued the Memorandum Circular No. 20-22 or the guidelines identifying companies that are allowed to operate during the Enhance Community Quarantine (ECQ) and General Community Quarantine (GCQ). This is also pursuant to the Omnibus Guidelines on Community Quarantine as under Executive Order No.112 s. 2020.

### Category 1- 100% Opening



Agriculture, fisheries  
and forestry



Food manufacturing and food  
supply chain businesses



Food retail  
(supermarkets, grocery stores,  
food preparation establishments  
for takeout and delivery only)



Healthcare  
(hospitals, clinics, drugstores)



Logistics



Water and  
other utilities



Power,  
energy



information technology,  
telecommunications



Media

SEPTEMBER 2020

### Category 2- 50 % to 100% Opening



Repair and maintenance



E-commerce and delivery for essential and non-essential items



Mining



Manufacturing, export-oriented companies



Housing and office services

### Category 3 – Up to 50% on site, 50% work from home



Legal, accounting, auditing



Financial services



Business Processing Outsourcing (BPO)



Professional, scientific, technical, and other non-leisure services



Other non-leisure wholesale and retail trade

### Not Allowed to Operate under GCQ



Gyms and other fitness facilities, sports facilities



Cinemas, theaters, karaoke and comedy bars, nightclubs, beerhouses



Toy stores, playgrounds, and rides



Libraries, museums, art galleries, botanical and zoological gardens



Water parks, beaches, resorts, travel agencies, tour operators, casinos and other gambling activities



Massage parlors, sauna baths, facial and foot spa and waxing salons



Other amusement and leisure establishments that promote mass gathering

### IMPACT OF COVID-19 PANDEMIC TO THE INDUSTRIES IN CENTRAL VISAYAS

Table 4. Summary Report on Job Displacement of Workers (2019 & 2020)

	PERMANENT CLOSURE		REDUCTION OF WORKERS		FLEXIBLE WORK ARRANGEMENT	
	ESTABLISHMENTS REPORTING	DISPLACED WORKERS	ESTABLISHMENTS REPORTING	DISPLACED WORKERS	ESTABLISHMENTS REPORTING	DISPLACED WORKERS
2019	80	2,605	234	3,486	156	21,389
2020*	81	920	679	10,051	9,986	165,629
<b>TOTAL</b>	<b>161</b>	<b>3,525</b>	<b>913</b>	<b>13,537</b>	<b>10,142</b>	<b>187,018</b>

\*Note: This report is as of September 26, 2020

Source: Establishment report submitted by the companies



**SEPTEMBER 2020**

Examining the data from Table 4, we can infer that the number of displaced workers due to reduction of workers in 2020 (10,051) is comparatively larger than the total number reported in 2019 (3,486). While the recorded total number of displaced workers due to the implementation of Flexible Working Arrangement in 2020 (165, 629) is enormously huge relative to the total number reported in 2019 (21, 389).

**Table 5. Number of Affected Establishments and Affected Workers Per Industry in 2020\***

INDUSTRY	No. Of Affected Establishments	No. Of Affected Workers
Accommodation And Food Service Activities (Hotel, Resort, Restaurant Etc)	2,382	46,854
Administrative and Support Service Activities (Travel Agencies Manpower Recruitment)	930	27,959
Agriculture, forestry and fishing	35	1,239
Arts, entertainment and recreation	170	2,870
Construction	261	13,896
Education	367	12,720
Electricity, Gas, Steam And Air Conditioning Supply	30	748
Financial and insurance Activities	475	8,832
Human Health And Social Work Activities	477	8,366
Information and Communication	74	1,422
Manufacturing	533	63,099
Mining and Quarrying	9	324
Other service activities (Salon, Laundry Services)	699	8,336
Professional, Scientific and Technical Activities	271	7,349
Real Estate Activities	281	3,917
Transportation and Storage	296	9,753
Water Supply, sewerage, waste management, and remediation activities	20	468
Wholesale And Retail Trade; Repair of Motor Vehicles And Motorcycles	2,209	43,676
<b>Grand Total</b>	<b>9,519</b>	<b>261,828</b>

\*Note: This report is as of June 30, 2020

Source: Establishment report submitted by the companies

As seen in Table 5, the largest number of affected industries in Region 7 is the Accommodation and Food Service Industry (Hotel, Resort, and Restaurant). The Wholesale and Retail Trade Industry came second with 2,209 affected establishments, and then the Administrative and Support Service Activities Industry with 930 affected establishments.

In Region VII, the Manufacturing Industry has the greatest number of affected workers with 63,099, followed by the Accommodation and Food Service Activities Industry with 46,854, and the Administrative and Support Service Industry having 27,959 affected workers.

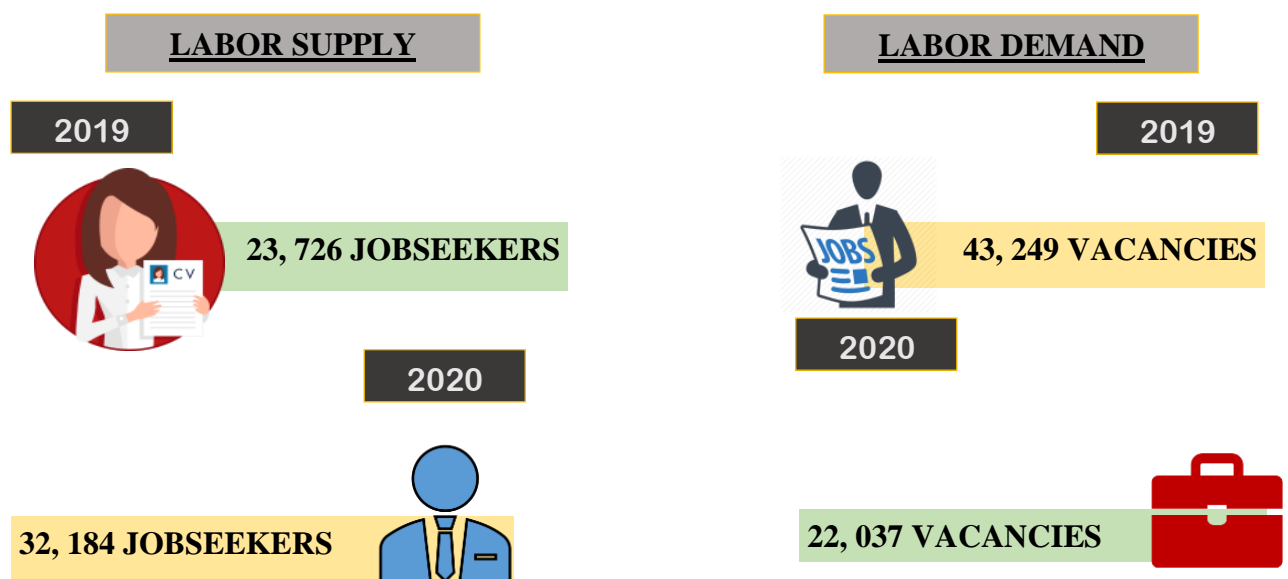
SEPTEMBER 2020

In Region VII, the Manufacturing Industry has the greatest number of affected workers with 46,854, followed by the Accommodation and Food Service Activities Industry with 46,854, and the Administrative and Support Service Industry having 27,959 affected workers.

Without a doubt, the tourism industry is among the industries that have been overwhelmingly affected by the pandemic due to the closing of borders, hotels and accommodations, airports, and the strict implementation on mass gatherings and land travel. Globally, in the 1st quarter of 2020, the commencement of travel restrictions and lockdowns in most countries, has caused the decline of international tourist arrival.

As part of the Enhance Community Quarantine (ECQ), the Philippine government closed the airports on March 20, 2020. Other countries also have implemented travel restrictions and measures way before the Philippines did. With this, the tourism sector has dramatically felt the adverse effect of the pandemic. On the other hand, domestic travel also declined due to the fear of contracting COVID-19.

Startups from the logistics, education technology, enterprise services, financial technology, and healthcare sectors have been positively impacted by the outbreak because their products and services are critical to making the arrangements during the ECQ work.



Source: PEIS System (for 2019 report is as of August 31, 2019; for 2020 report is as of August 31, 2020)

With the data above, the number of jobseekers in 2020 is higher than the recorded jobseekers in 2019. This can substantiate the large unemployment as a severe effect of the pandemic. While in the demand side, we can infer that job opportunities are declining since most of the companies are badly affected, they resort to cost-cutting and alternative working arrangements. Nevertheless, a huge gap between the labor supply and demand still persists.

SEPTEMBER 2020

### III. THE NEW NORMAL

In the course of the current COVID-19 pandemic, global and national markets are harshly disrupted. Unemployment affects future earnings due to disruptions, lost productivity, de-skilling, and missed opportunities to develop human capital on the job. Sectors such as tourism, services, trade, manufacturing, and retails are experiencing difficulties. Several industries are compelled to venture innovative solutions to overcome the heightened adverse effects of this unprecedented crisis.

The Philippines, socio-economic wise, has suffered massively. This is due to nearly a halt of economic activities because of the strict implementation of lockdowns and other measures. Wherein, only services engaged in the value chain of essential commodities are operating. As reported by the Department of Finance, the government's projected revenue collection dropped tremendously compared to the previous years.

#### IN-DEMAND OCCUPATIONS

The 'new normal' has drastically changed the business and labor landscapes, where some businesses have had to scale down their operations. Some even had to close down permanently. As predicted, sectors that mainly depend on close contacts, such as travel and events, will likely recover more gradually.

In this time and period, internet-based or internet-related jobs are having an upsurge. The gig economy is also anticipated to sustain and thrive. Among which are Digital Marketer, Graphic Designer, Software Developer, and Tech and Customers Support Jobs. Moreover, the demand for workers in the information technology-business process outsourcing (IT-BPO) industry is also expected to recover and retain its growth.

High demand for healthcare-related jobs is also expected, as well as, supply chain jobs. The desire to avoid any exposure to the virus and to practice social distancing, also meant that more consumers are preferring to go the e-commerce track- from food, groceries, medicines, etc. With this, the demand for delivery personnel and services will continue.

In Figure 2, as identified in the JobsFit 2022 report, the majority of the Key Employment Generators are still evident to be in-demand and source of employment. However, a decline and/or a slow growth to the tourism and education industry will be experienced.



SEPTEMBER 2020

**GOVERNMENT OUTLOOK/PLAN FOR INDUSTRY**

In response to the expected huge job losses in the country, the Department of Labor and Employment is expanding its Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers or TUPAD program to assist those who did and will lose their jobs. Another significant initiative of the government is the COVID-19 P3 ERF or Coronavirus 2019 Pondo sa Pagbabago at Pag-asenso Enterprise Rehabilitation Financing Program. It is part of the economic relief initiatives of the government that aims to assist micro and small businesses in which operations were negatively affected by COVID-19.

While the government has supported and is planning to introduce more programs to help the MSMEs recover from the impact of COVID-19, additional assistance is needed because the country has over a million MSMEs nationwide. Businesses need funding to normalize their operations. It will be utilized for working capital, and marketing and promotions. To help businesses and individuals mitigate the impact of COVID-19, the House of Representatives approved the proposed Philippine Economic Stimulus Act (PESA) in June 2020.

In the grander scheme of things, the country should take this opportunity to rebuild the sector by assisting the players to upskill and digitalize, rethink the way they do business, and ensure compliance with labor safety and health standards. It is our hope that this set of initiatives will facilitate the development of programs and policies to better facilitate a recovery in the labor market that is equitable and sustainable.

SEPTEMBER 2020

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