

2016 LABOR TURNOVER SURVEY (LTS 2016)

METADATA

I. ABOUT THE DATA

A. OBJECTIVE OF THE SURVEY

The Labor Turnover Survey (LTS) aims to generate quarterly data on labor turnover (accession and separation rates) as useful indicators of labor market activity.

B. USES OF THE DATA

The information gathered in this survey is intended to generate timely labor market signals as sound basis in planning, policy formulation and decision making.

C. MAIN TOPICS COVERED BY THE SURVEY

Main topics covered by the survey include total accession (expansion and replacement) and total separation (employee-initiated and employer-initiated).

D. REFERENCE PERIOD

The reference period of the survey covers a quarter.

E. PERIODICITY (FREQUENCY)

The survey is conducted quarterly. Results of the survey are available four (4) months on the average after the reference period.

F. SCOPE AND COVERAGE

The LTS is an enterprise-based survey covering enterprises located in the National Capital Region (NCR). The survey gathers consolidated information from enterprises with 20 or more workers including its branches, if there are any.

G. CONCEPTS AND DEFINITIONS

Enterprises - refers to an economic unit consisting of one or more establishments under a single ownership or control. It maybe a complex family of legal entities or a single legal entity such as a corporation, partnership or single proprietorship.

Main economic activity - refers to the activity that contributes the biggest or major portion of the gross income or revenues of the enterprise.

Major products/goods or services - refer to the specific products/goods produced or service given by the enterprise.

Total Employment - refers to the number of persons who worked or received pay from the enterprise and **all its branches** during the reference period. This includes the following:

- 1) **Working Owners** – owners who are actively engaged in the management of the enterprise but do not receive regular pay;
- 2) **Unpaid Workers** – persons working without pay, and work for at least 1/3 of the working time normal to the enterprise; and
- 3) **Paid Officials and Workers** – include full-time/part-time workers; employees on paid leaves (e.g., sick/vacation/maternity/holiday/study leave); and employees working away from the enterprise but paid by and under the control of the firm.

Excluded are workers hired through contractor/agency.

New Hires (Accessions) – refer to permanent or temporary additions to employment in the enterprise due to 1) expansion of business activity and 2) replacement of separated workers and employment resulting from changes in methods/technology of production or service.

Accession Rate or Hiring Rate – is computed by dividing the number of new hires by employment and multiplying that quotient by 100. Expansion and replacement rates are computed similarly, dividing the number by employment and multiplying by 100.

Separations – refer to terminations of employment due to a) quits or terminations initiated by the employees and b) layoffs or terminations initiated by the employers due to economic reasons (e.g., lack of market, financial losses, redundancy) and non-economic reasons (e.g., gross negligence, AWOL).

Separation Rate – is computed by dividing the number of separations by employment and multiplying that quotient by 100. The quits, layoffs and other separation rates are computed similarly, dividing the number by employment and multiplying by 100.

Agency-Hired Workers – workers hired through agencies/contractors to perform or complete a job, work or service within the premises of the enterprise. They are **excluded** from the total employment of the enterprise.

Existing Job Vacancies – refer to the number of unfilled job openings, which are immediately available for placement and for which active recruitment steps are being undertaken anytime during the reference period.

H. CLASSIFICATIONS

Industrial: The industry classification is based on the 2009 Philippine Standard Industrial Classification (PSIC). The PSIC is the 6-alpha-numeric code to denote the industrial classification of the enterprise. The alpha character refers to the major industry group while the numeric characters refer to the specific industry group.

Employment Size: Post classification of enterprises according to employment size is based on the average total employment of the enterprises, i.e., 20-49 workers, 50-199 workers, and 200 and more workers.

I. SAMPLING DESIGN

Statistical unit: The statistical unit is the enterprise.

Survey universe/sampling frame: The 2016 LTS adopted the sampling frame of the 2015 LTS updated by the 2015 statuses of sample enterprises. The frame is comprised of 16,194 business firms/enterprises with an employment size of at least 20. It contains the names of the enterprises and their corresponding Philippine Standard Industrial Classification (PSIC), addresses and employment size.

After each survey round, all enterprises that responded are automatically considered as samples for the next survey round. If the computed sample size is not met because of ineligible units, additional samples are drawn by industry from the updated sampling frame. If there are no units to sample in certain industries, the total number of samples needed for these industries is allocated proportionally to other industries with available samples. The following formula is used:

$$l_i = l \frac{m_i}{M}$$

Where: l_i = required number of samples for industry i

l = required total number of samples

m_i = available samples for industry i

M = total available samples for all industry

The sampling frame is updated by deleting ineligible samples and tagging eligible ones. Ineligibles samples include samples which are permanently closed (PCL), cannot be located (CBL), duplicate of another sample enterprise (DUP), and outside the coverage of the survey (OTH), e.g., employment size is less than the minimum

requirement, location of enterprise is outside NCR. Eligible samples, on the other hand, are those enterprises which provided valid data (RET), temporarily closed (TCL), on strike (STR), refused to answer (REF), and did not return the survey form until the end of the survey operation. Hence, the updated sampling frame contains the names of unsampled enterprises, and eligible enterprises.

Sample Size: The sample size of the survey is 1,232. This was obtained by taking into account the design effect and a target CV of 6%. The number of enterprises per domain was initially computed as

$$\left(\left[\left(1 - \frac{r}{100} \right) / \left(\left(\frac{r}{100} \right) \times \left(\frac{CV}{100} \right)^2 \right) \right] \times DEff \right) / T$$

$$= \left(\left[\left(1 - \frac{7.87}{100} \right) / \left(\left(\frac{7.87}{100} \right) \times \left(\frac{6}{100} \right)^2 \right) \right] \times 1.4 \right) / 70 = 65.04 \text{enterprise}$$

Where: r = separation rate

CV = 6%

$DEff$ = 1.4

T = estimated number of employees per enterprise (70)

The estimated number of enterprises per domain was multiplied by the number of domains (18) resulting to 1,171 enterprises. This number was adjusted for expected 5% non-response to arrive at the final sample size of 1,232 enterprises.

To ensure the precision of estimates in each domain, the final sample size (1,232) was allocated in each domain using Kish's allocation formula. The sample enterprises in each domain were drawn through simple random sampling.

J. FIELD WORK

Data collection: Data collection methods include personal interview and facsimile. In some instances, respondents are contacted through phone to ascertain their location, establish initial contact, and/or to verify submitted figures.

Substitution of sampling units: Replacement of sample enterprise is done when the sampled enterprise falls in one of the following categories during field operation: (1) CBL; (2) DUP; (3) PCL; or (4) OTH. Note that for the 4th quarter of 2016 LTS, ineligible samples were very minimal, hence, sample replacement was not done.

K. DATA PROCESSING AND EDITING

Data are manually and electronically processed. Upon collection of accomplished questionnaires, enumerators perform field editing before leaving the enterprises to ensure completeness, consistency and reasonableness of entries in accordance with the field operations manual. The forms are again checked by field supervisors for data consistency and completeness. The PSA personnel undertake the final review, coding of the main economic activity of the enterprise using the Philippine Standard Industrial Classification (PSIC), data entry and validation, and scrutiny of aggregated results for coherence. Questionnaires with incomplete or inconsistent entries are returned to the enumerator/s for verification with the enterprises. Verification is done personally or through phone interview.

Microsoft Access is used for data encoding and generation of validation prooflists. After checking the accuracy of encoding based on the prooflists, data is converted into SPSS data file. SPSS program syntax is then executed to generate output tables.

L. TYPES OF ESTIMATES

Labor turnover rates (total accession, total separation and percent difference) by major industry and by employment size.

M. ESTIMATION PROCEDURES

Estimates are obtained by simple expansion, i.e., by multiplying the sample values at the industry level by the corresponding blowing-up factor (BUF) which is the ratio of the estimated population of enterprises to the number of responding enterprises. These estimates are then aggregated to the desired totals. This weighing procedure takes non-response into account.

Accession

$$\begin{aligned} A &= \sum_i \sum_j \sum_k \sum_l A_{ijkl} \\ &= \sum_i \sum_j \sum_k \sum_l AE_{ijkl} + \sum_i \sum_j \sum_k \sum_l AP_{ijkl} \end{aligned}$$

where:

A = total accession
 AE_{ijkl} = total number of accession due to expansion of the l^{th} enterprise during the k^{th} month covered by the survey with employment size j in major industry i

AP_{ijkl} = total number of accession due to replacement of the l^{th} enterprise during the k^{th} month covered by the survey with employment size j in major industry i

Separation

$$S = \sum_i \sum_j \sum_k \sum_l S_{ijkl}$$

$$= \sum_i \sum_j \sum_k \sum_l SE_{ijkl} + \sum_i \sum_j \sum_k \sum_l SR_{ijkl}$$

where:

S = total separation

SE_{ijkl} = total number of employee-initiated separation of the l^{th} enterprise during the k^{th} month covered by the survey with employment size j in major industry i

SR_{ijkl} = total employer-initiated separation of the l^{th} enterprise during the k^{th} month covered by the survey with employment size j in major industry i

Accession Rate

$$AR = \frac{A}{E} \times 100$$

where

AR = accession rate

A = total accession

E = total employment

Separation Rate

$$SR = \frac{S}{E} \times 100$$

where

SR = separation rate

S = total separation

E = total employment

Labor Turnover Rate

$$LTR = AR - SR$$

where

AR = accession rate

SR = separation rate

N. ADJUSTMENTS

No adjustments are made for seasonal variations, non-response or for any other bias. No benchmark data or any data from other surveys are used.

O. INDICATORS OF THE RELIABILITY OF THE ESTIMATES

Coverage of the sampling frame: Updated annually.

Non-sampling errors: These may occur due to inaccuracies in reporting by establishments and enumerators, mistakes in coding, editing, and data entry. However, efforts are made to reduce non-sampling errors by careful design of the questionnaire, intensive training of survey personnel, linkages with key informants (employers' and workers' groups, government agencies and the academe), and through adoption and documentation of efficient operating procedures.

Conformity with other sources: The survey results are checked for consistency with the results of previous LTS data, Labor Force Survey, and National Accounts.

P. HISTORY OF THE SURVEY

Prior to 1989, statistics on labor turnover and layoffs were derived from two mandatory reports submitted by employers to the Department of Labor and Employment (DOLE). These reports were the Monthly Employment Report and the Employer's Termination Report which were submitted in compliance with the implementing rules and regulations of the Labor Code of the Philippines. However, due to low compliance rates, coverage was limited and the Department was unable to come up with an accurate picture of the dynamics of the labor market.

In 1988, a special study funded by the former National Statistical Coordination Board entitled "Improvement of Client-Based Statistics on Labor and Employment," was undertaken. Among others, the study recommended the conduct of a national survey of establishments to inquire on labor turnover, vacancies and layoffs to adequately monitor the labor market performance of the business sector. This recommendation paved way for the conduct of the Employment, Hours and Earnings Survey (EHES).

From 1989 to 1997, the EHES was conducted as a rider to the then Quarterly Survey of Establishments (QSE) of the former National Statistics Office. The survey was designed to collect quarterly data on labor turnover, hours of work, layoffs and job vacancies.

The EHES was revised in 1998 and this entailed the redesigning of the questionnaire and modification of the sampling design in conformance with the 1994 Philippine Standard Industrial Classification. Moreover, the field data collection was assumed by the former BLES in coordination with the DOLE Regional Offices. The revised EHES was conducted from 1998 to 2000 but temporarily discontinued in 2001 due to severe budget constraints. It was resumed in the first semester of 2002 but the coverage was limited only to the National Capital Region and was again discontinued for lack of budget.

In the 2nd semester of 2002, the DOLE Secretary instructed the former BLES to collect quarterly data on labor turnover to complement the data on establishment closures and layoffs. This became the forerunner of the current LTS and was in place from 2002 to 2007. The new survey was designed with “enterprise” as the sampling unit instead of the “establishment” in the EHES. To be manageable and to come up with the results the shortest time possible, the survey was limited in Metro Manila where the bulk of the country’s business enterprises were located. The sample size was fixed at 500 enterprises that were selected through stratified random sampling. Two strata were formed with the first 200 top firms (based on revenue) comprising the first stratum, all of them included as samples. The rest of the enterprises formed the second stratum from which the 300 samples were drawn randomly. The survey results were released based on sample data only.

In 2008, further improvements were made with the introduction of Kish’s allocation formula to reflect better industry representation. Also, released survey results were based on weighted data and the sample size was no longer fixed but was computed using the formula as previously discussed.

Starting 4th quarter of 2013, the LTS is being conducted by the Philippine Statistics Authority due to the implementation starting September 12, 2013 of the Republic Act 10625, otherwise known as the Philippine Statistical Act of 2013.

Q. AVAILABLE SERIES

The data series starts from the 3rd quarter of 2002 up to the 4th quarter of 2016.

II. DOCUMENTATION

A. ADVANCE RELEASE CALENDAR

An advance release calendar that gives one-quarter-ahead notice of the approximate release date is posted in the PSA website.

B. DISSEMINATION FORMATS

Hard Copy

- Philippine Industry Yearbook of Labor Statistics

Electronic

- PSA website: <http://www.psa.gov.ph/>

III. CONFIDENTIALITY

The compilation and dissemination of the data are governed by the terms and conditions of Republic Act 10625 approved on September 12, 2013, creating and mandating the Philippine Statistics Authority to prepare and conduct statistical sample surveys.

Individual data furnished by a respondent to statistical inquiries, surveys and censuses of the PSA shall be considered privileged communication and as such shall be inadmissible as evidence in any proceeding.