

MEMORANDUM

For : Secretary PATRICIA A. STO. TOMAS
Thru : Assistant Secretary ARTURO L. SODUSTA
From : Director MA. CRISELDA R. SY
Re : Labor Turnover Statistics Update (4th Quarter 2005)
Date : 21 March 2006

This report presents the results of the Fourth Quarter 2005 Labor Turnover Survey (LTS) which was conducted by the BLES in the National Capital Region (NCR) from January to March 2006. The findings were based on the responses of the 499 sample firms, which represent 99.8 percent of the target 500 sample enterprises. The samples were drawn from the list of the top 3,300 corporations in Metro Manila in 2003, as listed by the Securities and Exchange Commission (SEC).

Overall Trend *(Table 1)*

1. The top 3,300 corporations in the country based in the National Capital Region registered an employment growth of 1.20 percent during the fourth quarter of 2005 as accession rate at 8.30 percent exceeded separation rate at 7.10 percent.

In absolute terms, the growth means that the employment in the enterprises covered in the survey increased by about 12 workers per 1,000 employed, as 83 workers per 1,000 employed were hired while 71 workers per 1,000 employed had quit or were terminated from their jobs.

Sector

2. Employment growth during the period was mainly concentrated in the services sector. All its sub-sectors recorded growth in employment with real estate, renting and business activities posting the highest at 5.22%. This was followed by private health and social work (4.62%); wholesale and retail trade and related services (4.58%); and private education services (4.24%). The rest of the sub-sectors recorded growth rates ranging from 0.67 percent to 1.32 percent.
3. On the other hand, the industry employment suffered a setback with all sub-sectors posting negative turnover rates as follows: mining and quarrying (-4.18%),

construction (-2.74%), manufacturing (-0.57%) and electricity, gas and water (0.74%).

Reasons for Accessions and Separations (Table 2)

5. Accession due to replacement of separated workers (6.25%) continued to surpass accession due to expansion of business activities (2.05%). Accession rate was highest in wholesale and retail trade and related services (22.65%); construction (16.08%); private health and social work (13.26%); private education services (11.22%); and hotels and restaurants (10.99%).
6. Employer-initiated separation (4.22%) was higher than employee-initiated separation (2.88%). Noteworthy is that the sub-sectors with the highest accession rates were also the same sub-sectors with the highest separation rates, i.e., construction (18.82%); wholesale and retail trade and related services (18.07%); hotels and restaurants (9.69%); private health and social work (8.64%); and private education services (6.98%).

Employment Size (Table 3)

7. Medium and large enterprises with 50 or more workers posted growth in employment during the period at 2.06 percent and 1.15 percent, respectively. In contrast, employment decline were shown in enterprises with less than 20 workers (-1.83%) and those with 20 to 49 workers (0.48%).
8. For your information.

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**Table 1 - LABOR TURNOVER RATE BY SECTOR,
NATIONAL CAPITAL REGION: 4th QUARTER 2005**

SECTOR	Number of Samples	Labor Turnover Rate (%)		
		Accession Rate	Separation Rate	Percent Difference
<u>All Sectoral Groups</u>	<u>499</u>	<u>8.30</u>	<u>7.10</u>	<u>1.20</u>
Agriculture, Fishery & Forestry	0	0.00	0.00	0.00
Industry	176	4.18	5.07	(0.89)
Mining & Quarrying	3	0.56	4.74	(4.18)
Manufacturing	146	3.78	4.35	(0.57)
Electricity, Gas & Water Supply	11	0.28	1.02	(0.74)
Construction	16	16.08	18.82	(2.74)
Services	323	10.30	8.08	2.21
Wholesale and Retail Trade & Related Services	159	22.65	18.07	4.58
Hotels & Restaurants	17	10.99	9.69	1.30
Transport, Storage & Communications	33	5.64	4.32	1.32
Financial Intermediation	57	3.22	2.47	0.75
Real Estate, Renting & Business Activities	39	9.95	4.72	5.22
Education (Private)	4	11.22	6.98	4.24
Health & Social Work (Private)	2	13.26	8.64	4.62
Other Community, Social & Personal Service Activities	12	5.58	4.91	0.67

Source of data: Bureau of Labor and Employment Statistics, Labor Turnover Survey.

**Table 2 - ACCESSION AND SEPARATION RATES BY SECTOR
NATIONAL CAPITAL REGION: 4th QUARTER 2005**

SECTOR	Accession Rate		Separation Rate	
	Expansion	Replacement	Employee-Initiated	Employer-Initiated
<u>All Sectoral Groups</u>	<u>2.05</u>	<u>6.25</u>	<u>2.88</u>	<u>4.22</u>
Agriculture, Fishery & Forestry	0.00	0.00	0.00	0.00
Industry	1.31	2.87	1.56	3.51
Mining & Quarrying	0.03	0.53	0.53	4.21
Manufacturing	1.22	2.56	1.77	2.58
Electricity, Gas & Water Supply	0.11	0.17	0.67	0.35
Construction	4.67	11.41	1.28	17.54
Services	2.40	7.89	3.52	4.56
Wholesale and Retail Trade & Related Services	3.49	19.16	5.96	12.12
Hotels & Restaurants	5.06	5.93	3.27	6.42
Transport, Storage & Communications	0.64	5.00	2.44	1.88
Financial Intermediation	0.79	2.42	2.16	0.31
Real Estate, Renting & Business Activities	6.13	3.82	3.73	0.99
Private Education Services	1.00	10.22	2.87	4.11
Health & Social Work (Private)	4.70	8.55	8.47	0.17
Other Community, Social & Personal Service Activities	3.20	2.38	3.83	1.08

Source of data: Bureau of Labor and Employment Statistics, Labor Turnover Survey.

**Table 3 - LABOR TURNOVER RATE BY EMPLOYMENT SIZE,
NATIONAL CAPITAL REGION: 4th QUARTER 2005**

EMPLOYMENT SIZE	Number of Samples	Labor Turnover Rate (%)		
		Accession Rate	Separation Rate	Percent Difference
<u>All Sizes</u>	<u>499</u>	<u>8.30</u>	<u>7.10</u>	<u>1.20</u>
Less than 20 workers	31	1.14	2.97	(1.83)
20 – 49	89	3.82	4.30	(0.48)
50 –199	182	7.61	5.55	2.06
200 and over	197	8.43	7.28	1.15

Source of data: Bureau of Labor and Employment Statistics, Labor Turnover Survey.

**Table 4 – LABOR TURNOVER RATE BY QUARTER,
NATIONAL CAPITAL REGION: 3rd Qtr 2002 – 2nd Qtr 2005**

QUARTER	Labor Turnover Rate (%)		
	Accession Rate	Separation Rate	Percent Difference
<u>2002</u>			
3 rd Quarter	5.96	6.19	(0.22)
4 th Quarter	5.98	5.07	0.91
<u>2003</u>			
1 st Quarter	6.12	6.06	0.06
2 nd Quarter	6.85	6.70	0.15
3 rd Quarter	6.52	7.92	(1.40)
4 th Quarter	7.79	6.38	1.42
<u>2004</u>			
1 st Quarter	5.88	6.11	(0.25)
2 nd Quarter	7.34	5.47	1.87
3 rd Quarter	8.16	6.53	1.63
4 th Quarter	7.12	6.23	0.89
<u>2005</u>			
1 st Quarter	7.91	7.70	0.21
2 nd Quarter	9.95	7.34	2.61
3 rd Quarter	8.47	8.55	(0.08)
4 th Quarter	8.30	7.10	1.20

Source of data: Bureau of Labor and Employment Statistics, Labor Turnover Survey.