

MEMORANDUM

For : Acting Secretary **MANUEL G. IMSON**

Thru : Assistant Secretary **BENEDICTO ERNESTO R. BITONIO, JR.**

From : Director **MA. CRISELDA R. SY**

Re : Labor Turnover Statistics Update (1st Quarter 2004)

Date : 10 June 2004

This report presents the results of the First Quarter 2004 Labor Turnover Survey (LTS) conducted by the BLES in the National Capital Region (NCR) from April to May 2004. The data was based on 488 sample firms, representing 98.8 percent of the target 500 sample enterprises. The samples were drawn from the list of the top 3,300 corporations in Metro Manila based on their revenue performance in 2002, as listed by the Securities and Exchange Commission (SEC). The top 200 corporations in the list were automatically included in the survey while the remaining 300 samples were randomly selected from the rest of the corporations to ensure representation of small firms.

Overall Trend

1. The top 3,300 corporations based in NCR recorded a negligible decline in employment during the first three months of 2004 after posting a strong recovery in the last quarter of 2003. This can be attributed mainly to the slump in the wholesale and retail trade sector, which offsets the gains reported in the rest of the industries covered by the survey.
2. **Accession rate was posted at 5.88 percent during the quarter as against separation rate of 6.11 percent implying a percentage difference or an employment decline of 0.24 percent.** In absolute terms, this means that the employment of the enterprises included in this survey slightly went down by about 2 workers per 1,000 employed as 59 workers per 1,000 employed were hired while 61 workers per 1,000 employed were terminated or quit their jobs.

| Sector | Number of Samples | Labor Turnover Rate (%) First Quarter 2004 | | |
|---|-------------------|---|--------------------|----------------------|
| | | Accession Rate | Separation Rate | Percent Difference |
| <u>All Sectoral Groups</u> | <u>488</u> | <u>5.88</u> | <u>6.11</u> | <u>(0.24)</u> |
| Agriculture, Fishery & Forestry | 1 | 0.00 | 0.00 | 0.00 |
| Industry | 174 | 4.92 | 4.25 | 0.67 |
| Mining & Quarrying | 3 | 6.42 | 1.96 | 4.45 |
| Manufacturing | 142 | 4.22 | 3.88 | 0.33 |
| Electricity, Gas & Water Supply | 14 | 1.28 | 1.04 | 0.24 |
| Construction | 15 | 17.07 | 13.69 | 3.37 |
| Services | 313 | 6.34 | 7.01 | (0.67) |
| Wholesale and Retail Trade & Related Services | 160 | 13.48 | 18.07 | (4.59) |
| Hotels & Restaurants | 10 | 7.86 | 6.40 | 1.47 |
| Transport, Storage & Communications | 27 | 6.99 | 4.63 | 2.36 |
| Financial Intermediation | 63 | 1.90 | 1.91 | (0.01) |
| Real Estate, Renting & Business Activities | 41 | 7.05 | 4.64 | 2.41 |
| Education (Private) | 1 | 2.93 | 0.37 | 2.56 |
| Health & Social Work | 4 | 5.56 | 5.52 | 0.04 |
| Other Community, Social & Personal Service Activities | 7 | 8.13 | 7.97 | 0.16 |

Sector

- Employment growth, as measured by labor turnover rate, was recorded in all but three (3) sub-sectors. The highest growth figure was posted by mining and quarrying (4.45%) followed by construction (3.37%) and private education (2.56%). Gains in employment were also noted in real estate, renting and business services (2.41%), transport, storage and communications (2.36%) and hotels and restaurants (1.47%).
- Marginal growth in employment was observed in manufacturing (0.33%), electricity, gas and water (0.24%) and other community, social and personal service activities (0.16%). Meanwhile, employment levels were unchanged in financial intermediation (-0.01%) and agriculture, fishery and forestry (0.0%).
- The slight decline in employment during this quarter was due almost entirely to job losses in the wholesale and retail trade sector (-4.59%). This is because the volume of workforce in this sector normally decline during the first quarter of the year particularly among large shopping malls and supermarkets which shed off their excess workers hired in the last quarter of the previous year when sales activities peak during the holiday season.

Reasons for Accession and Separation

6. On the average, accession rate was primarily attributed to replacement of workers separated due to economic reasons (4.31%). The rate of accession due to expansion was posted at 1.56 percent. The highest accession rates were noted in construction (17.07%), wholesale and retail trade (13.48%) and other community, social and personal service activities (8.13%).

Accession Rate

| Period | Accession Rate (%) | Due to Expansion (%) | Due to Replacement (%) |
|------------------------------|--------------------|----------------------|------------------------|
| 1 st Quarter 2004 | 5.88 | 1.56 | 4.31 |

7. Separation rate was mostly employer-initiated (3.64%), although a sizeable proportion (2.47%) was employee-initiated. Notable separation rates were observed in the same sub-sectors, i.e. wholesale and retail trade (18.07%), construction (13.69%) and other community, social and personal service activities (7.97%).

Separation Rate

| Period Covered | Separation Rate (%) | Employee-Initiated (%) | Employer-Initiated (%) |
|------------------------------|---------------------|------------------------|------------------------|
| 1 st Quarter 2003 | 6.11 | 2.47 | 3.64 |

Employment Size

8. Regardless of employment size, all enterprises covered in this survey suffered employment setback during the period. Job losses were mostly confined among firms with less than 20 workers (-7.85%) and those with 20-49 workers (-2.60%).

| Employment Size | Number of Samples | Labor Turnover Rate (%) First Quarter 2004 | | |
|----------------------|-------------------|---|-----------------|--------------------|
| | | Accession Rate | Separation Rate | Percent Difference |
| All Sizes | 488 | 5.88 | 6.11 | (0.24) |
| Less than 20 workers | 59 | 3.45 | 11.30 | (7.85) |
| 20 – 49 | 81 | 4.07 | 6.67 | (2.60) |
| 50 – 199 | 144 | 6.18 | 6.96 | (0.79) |
| 200 and over | 204 | 5.88 | 5.05 | (0.16) |

9. For your information.