

MEMORANDUM

For : Secretary PATRICIA A. STO. TOMAS

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

From : Director MA. CRISELDA R. SY

Re : Labor Turnover Statistics Update (2nd Quarter 2004)

Date : 30 August 2004

This report presents the highlights of the Second Quarter 2004 Labor Turnover Survey (LTS) conducted by the BLES in the National Capital Region (NCR) from July to August 2004. The results were based on the responses of 476 sample firms, which represent 97.9 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 country's top 3,300 corporations located in NCR registered an employment growth during the second quarter of 2004 after recording a decline in the first quarter. The strong recovery is brought about primarily by the gains in the service sector particularly in real estate, renting and business activities; other community, social and personal service activities; and hotels and restaurants.
2. **Overall, accession rate was higher at 7.34 percent than separation rate at 5.47 percent during the quarter implying a percentage difference or an employment growth of 1.87 percent.** This is the highest ever recorded since the conduct of the survey in 2002. In absolute terms, the growth means that the employment of the enterprises included in this survey increased by about 19 workers per 1,000 employed as 73 workers per 1,000 employed were hired while 55 workers per 1,000 employed were separated from their jobs due to quits or terminations.

Sector	Number of Samples	Labor Turnover Rate (%) Second Quarter 2004		
		Accession Rate	Separation Rate	Percent Difference
<u>All Sectoral Groups</u>	<u>476</u>	<u>7.34</u>	<u>5.47</u>	<u>1.87</u>
Agriculture, Fishery & Forestry	0	0.00	0.00	0.00
Industry	166	5.21	4.28	0.93
Mining & Quarrying	3	1.20	2.56	(1.36)
Manufacturing	133	4.47	3.92	0.54
Electricity, Gas & Water Supply	14	1.42	0.92	0.50
Construction	16	18.12	12.23	5.89
Services	310	8.25	5.98	2.27
Wholesale and Retail Trade & Related Services	150	15.19	13.12	2.07
Hotels & Restaurants	13	15.34	8.87	6.47
Transport, Storage & Communications	28	7.49	4.98	2.51
Financial Intermediation	60	2.60	2.00	0.60
Real Estate, Renting & Business Activities	45	14.82	4.79	10.04
Education (Private)	2	2.29	9.38	(7.09)
Health & Social Work	5	8.21	4.37	3.84
Other Community, Social & Personal Service Activities	7	15.10	6.61	8.49

Sector

- All but three (3) sub-sectors experienced growth in employment. Enterprises engaged in real estate, renting and business services recorded the highest growth rate at 10.04 percent. This was followed by other community, social and personal service activities at 8.49 percent and hotels and restaurants at 6.47 percent. Construction also registered an impressive growth in employment at 5.89 percent. Notable gains were also posted in health and social work (3.84%), transport, storage and communications (2.51%) and wholesale and retail trade & related services (2.07%).
- Marginal growth in employment was observed in financial intermediation (0.60%), manufacturing (0.54%) and electricity, gas and water (0.50%). Meanwhile, employment level remains unchanged in agriculture, fishery and forestry (0.0%).
- On the other hand, private education services and mining and quarrying sub-sectors suffered employment setbacks during the quarter at -7.09 percent and -1.36 percent, respectively.

Reasons for Accession and Separation

6. Accession rate was mostly due to replacement of separated workers due to economic reasons (5.10%). The rate of accession due to expansion was recorded at 2.24 percent. The highest accession rates were noted in construction (18.12%), hotels and restaurants (15.34%), wholesale and retail trade and related services (15.19%), other community, social and personal service activities (15.10%) and real estate and renting and business activities (14.82%).

Accession Rate

Period	Accession Rate (%)	Due to Expansion (%)	Due to Replacement (%)
2 nd Quarter 2004	7.34	2.24	5.10

7. Separation rate was mainly employer-initiated (2.92%), though nearly the same proportion (2.55%) was employee-initiated. Higher separation rates were shown in wholesale and retail trade (13.12%), construction (12.23%), private education services (9.38%) and hotels and restaurants (8.87%).

Separation Rate

Period Covered	Separation Rate (%)	Employee-Initiated (%)	Employer-Initiated (%)
2 nd Quarter 2003	5.47	2.55	2.92

Employment Size

8. Employment gains were mostly confined among medium and large enterprises with 50 and more workers at 1.55 percent and 1.92 percent, respectively. Firms with less than 20 workers likewise registered growth in employment, though less than one percent, during the period. Only those with 20 to 49 workers had employment losses at -0.93 percent.

Employment Size	Number of Samples	Labor Turnover Rate (%) Second Quarter 2004		
		Accession Rate	Separation Rate	Percent Difference
<u>All Sizes</u>	<u>476</u>	<u>7.34</u>	<u>5.47</u>	<u>1.87</u>
Less than 20 workers	32	3.62	3.36	0.26
20 – 49	80	4.46	5.39	(0.93)
50 – 199	161	9.45	7.90	1.55
200 and over	203	7.24	5.32	1.92

9. For your information.