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14th National Convention on Statistics

Labor, Employment and Productivity Statistics

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RELATIONSHIP BETWEEN UNEMPLOYMENT AND JOB VACANCY IN THE NATIONAL CAPITAL REGION

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Presented by

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Introduction



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Despite of economic growth, it still proves that employment growth is not sufficient to reduce unemployment because of rapid population growth and rise in the labor force participation and slow job creation, particularly in the National Capital Region.

The Philippines is consistently coined as one of the Newly Industrialized Countries that has a fair gain during the latter years.

National Capital Region

12.88 Million Population (as of 2015)

8.5% Filipinos are jobless/unemployed



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Objectives

The aim of this paper is to identify the existence and position of the Beveridge Curve, the relationship between unemployment rate and job vacancy rate, in NCR over the period 2008-2017. Also, to assess the efficiency of the labor market in the region and to determine what could have caused the changes/movement in the curve.

Data and Its Sources



- Data on unemployment and persons in the labor force were generated through the **Labor Force Survey (LFS)**.

LFS is a nationwide quarterly survey of households to gather data on the demographic and socio-economic characteristics of the population.

- Total employment and job vacancies (from enterprises) were gathered from the **Labor Turnover Survey (LTS)**.

LTS is conducted quarterly in the National Capital Region to come up with timely information on labor market trends in the formal sector of the economy.

Methodology: Computational Procedures

- To plot the Beveridge Curve, unemployment rate and the job vacancy rate were computed.
- Unemployment rate is the percentage of the total number of unemployed persons to the total number of persons in the labor force. It is computed as:

$$UR = \frac{U}{LF} \times 100$$

where

UR = Unemployment Rate

U = total number of unemployed persons

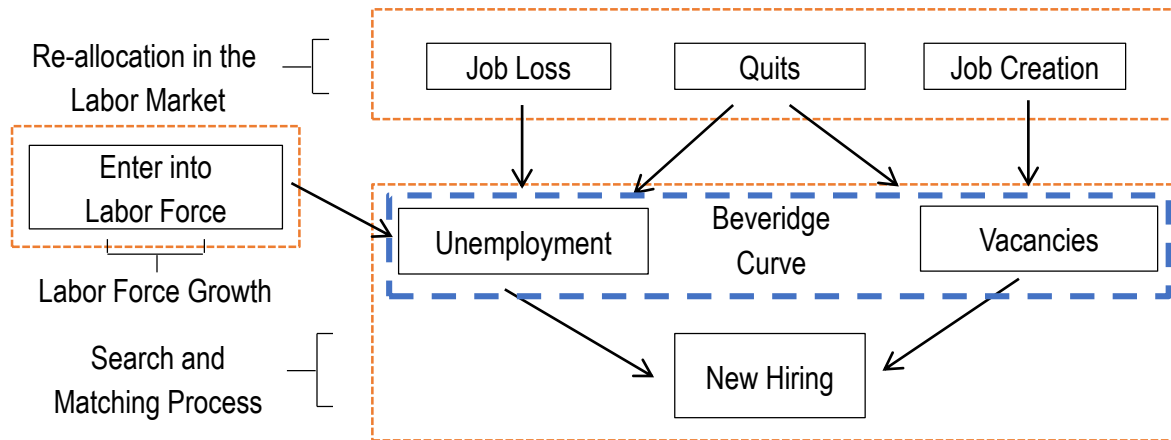
LF = total number of persons in the labor force

- On the other hand, job vacancy rate is computed as:

$$\frac{\text{no. of job vacancies}}{\text{employment} + \text{no. of job vacancies}} \times 100 = JVR$$

Methodology

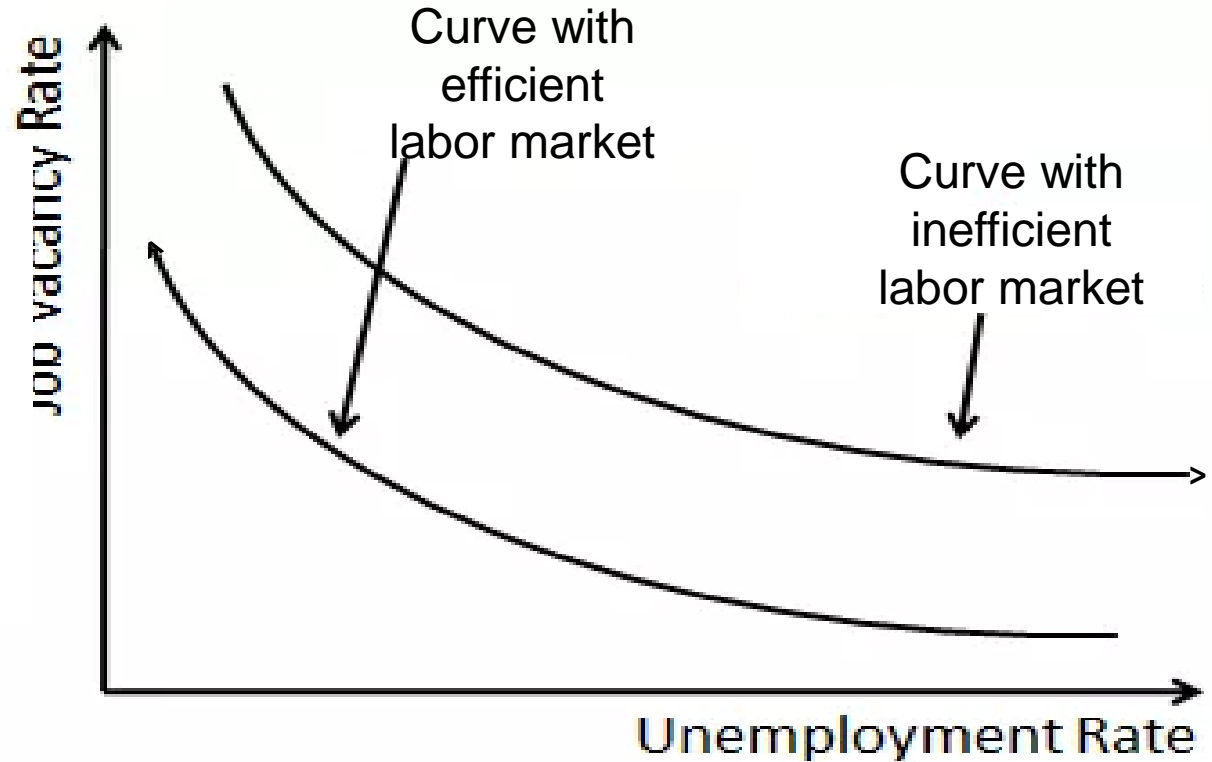
A Simple Model of Unemployment and Vacancies Underlying the Beveridge Curve



The figure shows a schematic model underlying the Beveridge curve. (Fuhrer, 1997)

Shifts of the Beveridge Curve

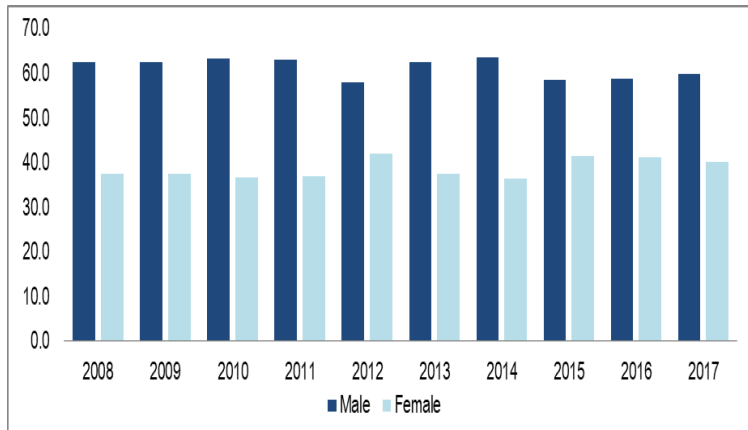
This figure shows the implication of the shifts in the Beveridge curve. (Jodi Beggs, 2019)



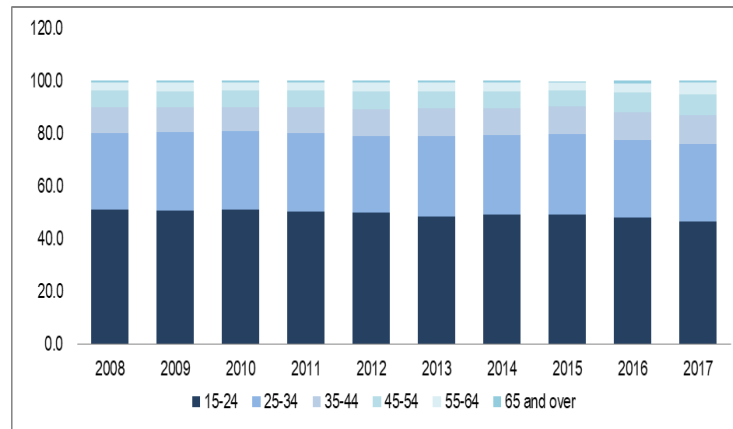
Unemployed



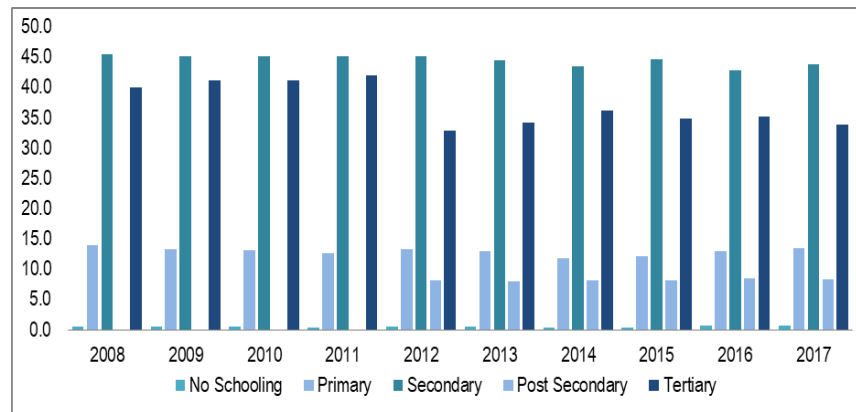
Unemployment in NCR, 2008-2017



- **Six out of 10 unemployed persons were males**



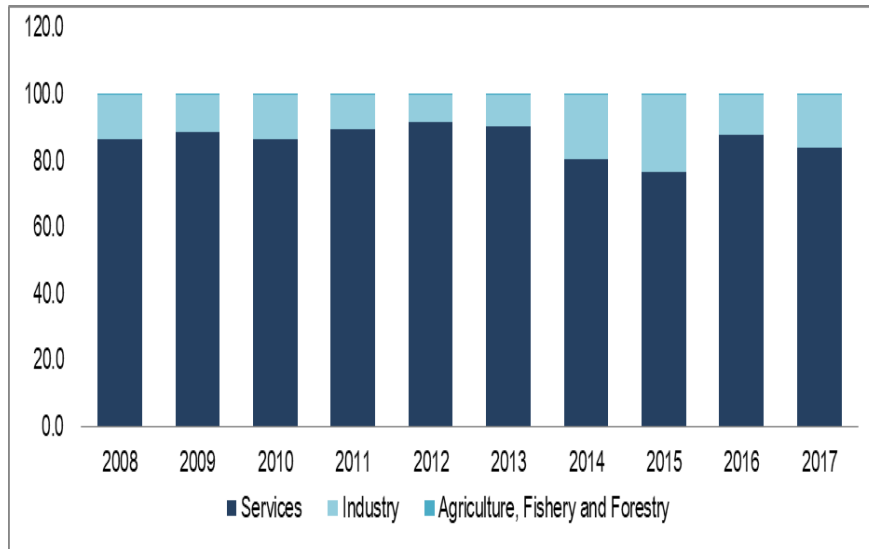
- **More than 40% of unemployed were youth aged 15-24 years old**



- **Unemployment rate highest for those achieved secondary level of education**

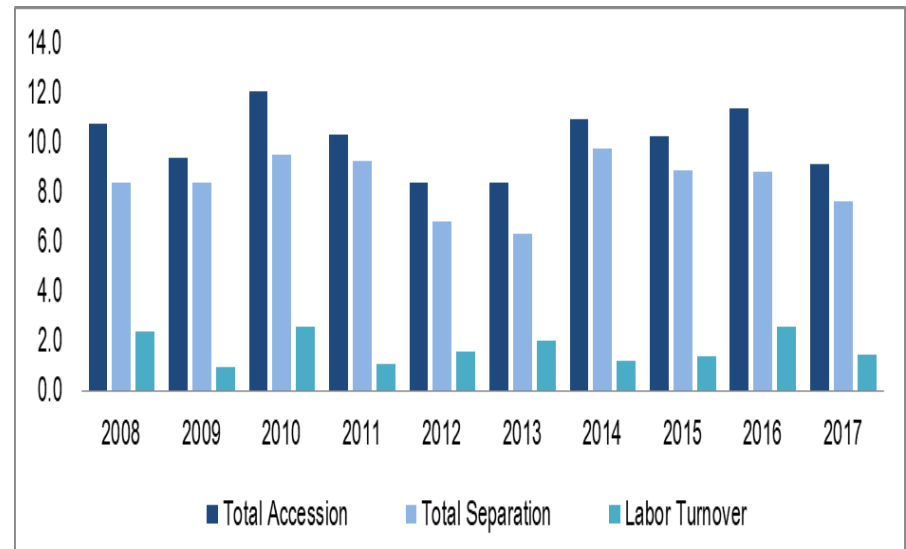
Source: Philippine Statistics Authority, Labor Force Survey (LFS)

Job Vacancies and Labor Turnover Rates in NCR, 2008-2017



Source: Philippine Statistics Authority, Labor Turnover Survey (LTS)

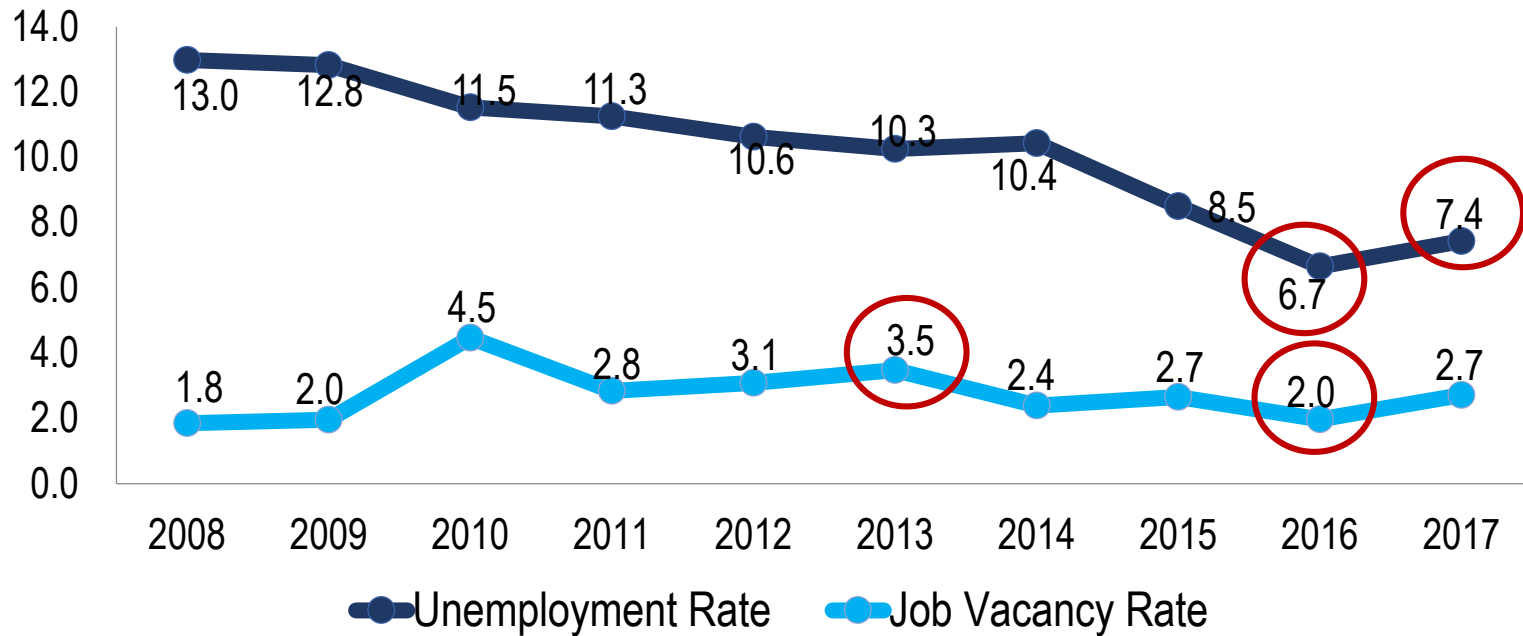
- **More job openings in the services sector**



Source: Philippine Statistics Authority, Labor Turnover Survey (LTS)

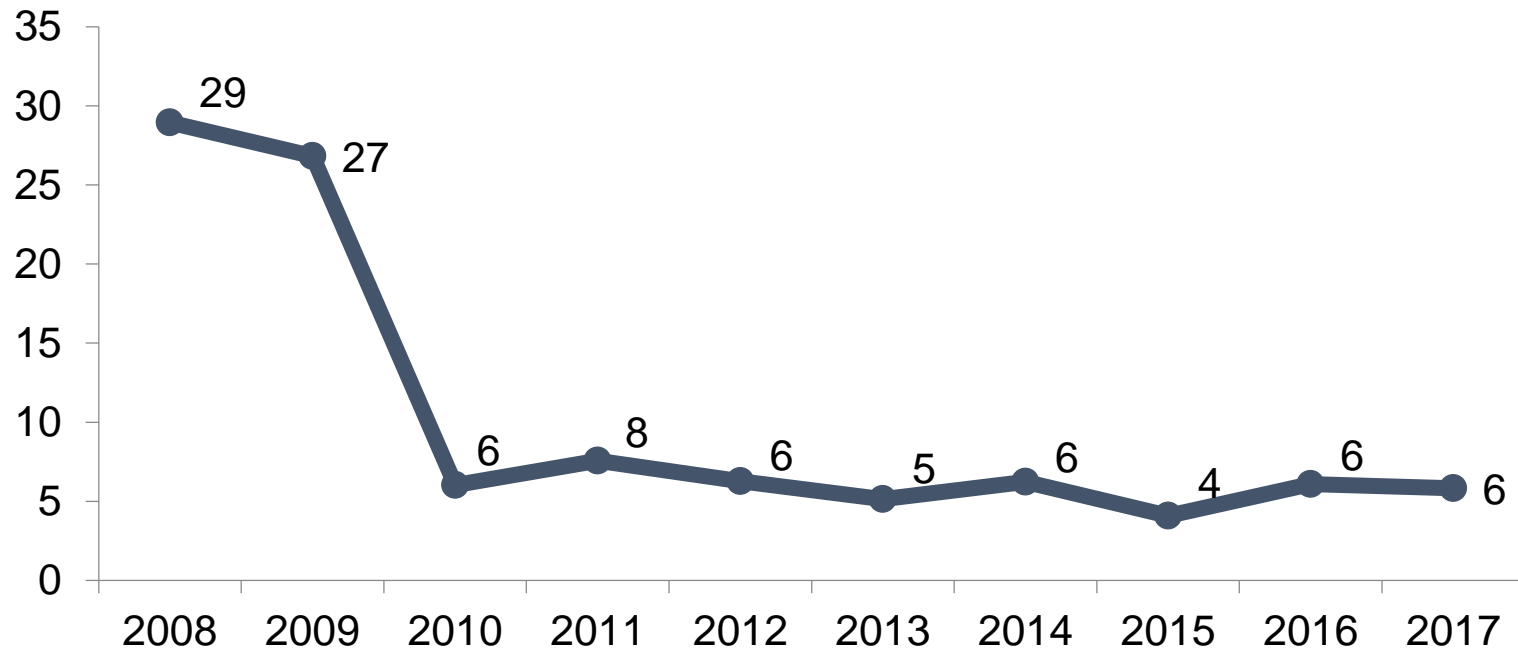
- **Ten to 26 persons for every 1,000 employed were added to the total workforce.**

Annual Unemployment and Vacancy Rates in the National Capital Region, Philippines: 2008-2017



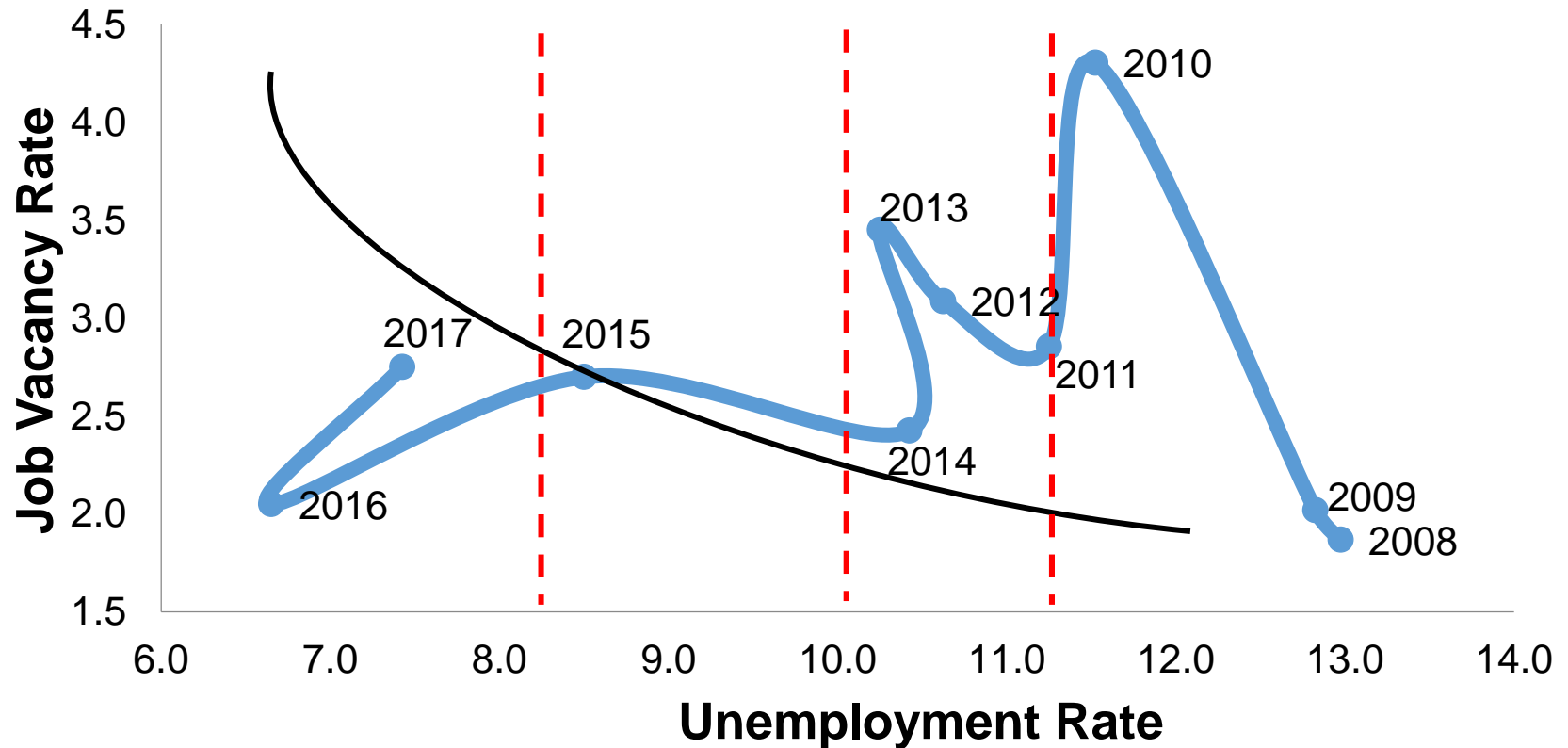
Source: Philippine Statistics Authority, Labor Force Survey (LFS) and Labor Turnover Survey (LTS)

Number of Unemployed Persons per Job Vacancy, National Capital Region Philippines: 2008-2017



Source: Philippine Statistics Authority, Labor Force Survey (LFS) and Labor Turnover Survey (LTS)

Beveridge Curve for the National Capital Region (2008-2017)



Source: Philippine Statistics Authority, Labor Force Survey (LFS) and Labor Turnover Survey (LTS)

Conclusion

Based on the study of the Beveridge curve for the National Capital Region of the Philippines, the following were concluded:

1. The existence and position of the Beveridge Curve in the NCR varies in different periods. Years 2009, 2010, 2012, 2013 and 2015 gave a negative relationship wherein every time the job vacancies grows, unemployment drops.
2. There are many plausible explanations why the curve has reached such disproportionate patterns. One factor is the different labor market policies implemented by different administrations. Despite persistent challenges, every administration's commitment to achieve full employment of the country will take some time. This study shows that further research is needed to assess to what extent the government policies will be either proactive or reactive.
3. The Beveridge curve help determine on how long it is to achieve full employment in a country.

Recommendations

The following are recommended not just for the government but for employers, job-seekers and young individuals:

- **Further study** needs to prove labor market mismatches.
- Provide **training to update skills** of unemployed people to match job vacancies.
- To offer **trainings on entrepreneurship** especially for low skills or poor workers.
- To have an **extensive information dissemination** to the public about job mismatch.
- Ensure that all **Filipino children have access to good quality education** that will provide them necessary skills to match the requirements of employers.
- To **strengthen campaign on ending labor contractualization** and the clamor to pass endo bill as to abolish “endo” in the country.
- The government to think of ways in preparing the local workforce for the changes that may be brought by emerging technologies such as automation and that **technologies would not compete with available jobs.**

Thank you and
God bless!!!



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