

2008 LABOR TURNOVER STATISTICS IN LARGE ENTERPRISES IN METRO MANILA

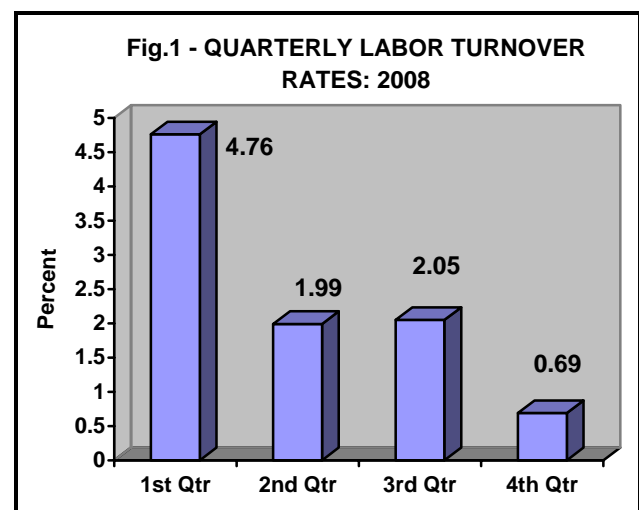
OVERVIEW

The Labor Turnover Survey (LTS) is a quarterly sample survey of enterprises conducted by the Bureau of Labor and Employment Statistics (BLES) since the third quarter of 2002. The survey aims to capture "job creations" and "job displacements" in large business enterprises based in Metro Manila by collecting quarterly data on accessions and separations of workers. The survey covered around 500 large sample enterprises in Metro Manila which were drawn from the List of Top 5,000 Enterprises in the Philippines.

Starting the first quarter of 2008, the sample size of the LTS has been expanded from 500 to 709 large enterprises to better reflect industry representation. Moreover, survey data are no longer sample rates but are weighted to come up with population estimates. Hence, the first quarter 2008 data onwards represent a break in the data series and are no longer comparable with the previous years. This issue presents the average data for the four (4) survey rounds of the LTS that were conducted by the BLES in 2008.

Quarterly Trend in Labor Turnover

- Measured in terms of labor turnover rates¹, employment in top enterprises in Metro Manila grew by 2.38% on the average in 2008.
- This means that about 24 workers per 1,000 employed were added to the workforce of large enterprises in Metro Manila.
- The quarterly trend in labor turnover was highly erratic with the highest growth posted in the first quarter (4.77%) and the lowest in the fourth quarter (0.69%).
- The sharp decline in employment growth towards the end of the year reflected the effect of the economic slowdown brought about by the global financial crisis.



¹ The growth figure was derived as the percent difference between accession rate and separation rate which represents the net addition (or net loss) to employment at any given period.

- Employment growth was highly uneven across sub-sectors or industry. With the exception of real estate, renting and business activities which grew at a robust rate of 6.73%, on account of the continued expansion in the business process outsourcing (BPO) activities in the country, the rest of the sub-sectors experienced either modest net addition to employment or suffered net loss in employment.
- Modest growth in employment occurred in four (4) industries, namely: financial intermediation (1.93%); agriculture, hunting and forestry (1.63%); transport, storage and communications (1.32%); and health and social work (1.16%).
- Meanwhile, growth in employment was sluggish in manufacturing (0.90%); other community, social and personal service activities (0.65%); and wholesale and retail trade (0.37%).
- Net employment loss was noted in six (6) sub-sectors led by construction (-5.11%) followed by hotels and restaurants (-1.82%); private education (-1.06%); electricity, gas and water supply (-1.00%); mining and quarrying (-0.57%); and fishing (-0.33%).

Accession Rate

- **The average quarterly accession rate was placed at 10.75%** in 2008. Accessions are additions to employment during the quarter. *Accession rate is derived by dividing total accession by total employment.*
- By sub-sector, **hotels and restaurants recorded the highest accession rate at 16.33%**. It was closely followed by real estate, renting and business activities (16.03%) and construction (14.29%).
- High accession rates were also noted in wholesale and retail trade (12.28%) and mining and quarrying (10.91%). Meanwhile, fishing (2.65%) and electricity, gas and water supply (2.13%) had the lowest accession rates.
- By reason, accession was largely brought about by replacement of separated workers (7.16%). Meanwhile, accession due to expansion of business activity was posted at 3.59%.

Separation Rate

- **The average quarterly separation rate stood at 8.37%**. Separations are terminations of employment or quits that occurred during the period. *Separation rate is derived by dividing total separations by total employment.*

- **The highest separation rate occurred in construction (19.40%).** Hotels and restaurants ranked second (18.15%) followed by wholesale and retail trade (11.91%) and mining and quarrying (11.48%).
- By reason, employer-initiated separations (4.22%) slightly exceeded employee-initiated separations (4.16%).

Definition of Terms

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

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.

Accessions (New Hires) - 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, and 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.

FOR INQUIRIES:

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Table 1 - STATISTICS ON LABOR TURNOVER RATES IN LARGE ENTERPRISES IN METRO MANILA BY INDUSTRY: 2008 (1st QUARTER - 4th QUARTER)
(In percent)

| Major Industry Group | Accession Rate | | | | | Separation Rate | | | | | Percent Difference | | | | |
|--|---------------------|---------------------|---------------------|---------------------|--------------|---------------------|---------------------|---------------------|---------------------|-------------|---------------------|---------------------|---------------------|---------------------|--------------|
| | 1 st Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | Average | 1 st Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | Average | 1 st Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | Average |
| All Industries | 12.23 | 10.56 | 11.05 | 9.14 | 10.75 | 7.46 | 8.57 | 9.00 | 8.45 | 8.37 | 4.76 | 1.99 | 2.05 | 0.69 | 2.38 |
| Agriculture, Fishing and Forestry | 4.23 | 4.47 | 6.20 | 2.14 | 4.26 | 4.12 | 2.34 | 4.05 | 3.68 | 3.55 | 0.10 | 2.13 | 2.15 | -1.34 | 0.71 |
| Agriculture, Hunting and Forestry | 3.39 | 5.78 | 8.67 | 2.54 | 5.10 | 2.37 | 1.88 | 5.41 | 4.22 | 3.47 | 1.01 | 3.90 | 3.26 | -1.68 | 1.63 |
| Fishing | 4.74 | 2.54 | 1.99 | 1.31 | 2.65 | 5.20 | 3.03 | 1.74 | 1.93 | 2.98 | -0.45 | -0.49 | 0.25 | -0.63 | -0.33 |
| Industry | 9.67 | 7.54 | 9.29 | 8.95 | 8.86 | 6.70 | 8.49 | 10.44 | 12.46 | 9.52 | 2.97 | -0.95 | -1.14 | -3.51 | -0.66 |
| Mining and Quarrying | 14.98 | 9.97 | 11.20 | 7.47 | 10.91 | 1.92 | 16.81 | 11.35 | 15.82 | 11.48 | 13.06 | -6.84 | -0.15 | -8.35 | -0.57 |
| Manufacturing | 6.32 | 3.87 | 8.45 | 10.68 | 7.33 | 2.46 | 3.87 | 8.82 | 10.58 | 6.43 | 3.86 | 0.00 | -0.37 | 0.10 | 0.90 |
| Electricity, Gas and Water Supply | 1.87 | 2.13 | 3.44 | 1.08 | 2.13 | 8.92 | 1.26 | 1.41 | 0.92 | 3.13 | -7.05 | 0.87 | 2.03 | 0.17 | -1.00 |
| Construction | 20.08 | 18.93 | 12.41 | 5.74 | 14.29 | 19.24 | 22.05 | 16.39 | 19.90 | 19.40 | 0.84 | -3.11 | -3.98 | -14.16 | -5.11 |
| Service | 13.46 | 11.64 | 11.65 | 9.29 | 11.51 | 7.85 | 8.66 | 8.60 | 7.22 | 8.08 | 5.61 | 2.97 | 3.05 | 2.07 | 3.43 |
| Wholesale and Retail Trade | 10.82 | 13.51 | 12.18 | 12.61 | 12.28 | 9.10 | 11.9 | 12.72 | 13.93 | 11.91 | 1.72 | 1.62 | -0.54 | -1.32 | 0.37 |
| Hotels and Restaurants | 14.24 | 15.83 | 22.64 | 12.62 | 16.33 | 11.86 | 11.44 | 40.98 | 8.31 | 18.15 | 2.38 | 4.39 | -18.34 | 4.31 | -1.82 |
| Transport, Storage and Communications | 5.59 | 5.31 | 5.61 | 3.31 | 4.96 | 3.34 | 4.23 | 3.58 | 3.41 | 3.64 | 2.25 | 1.09 | 2.02 | -0.10 | 1.32 |
| Financial Intermediation | 4.96 | 6.02 | 5.01 | 4.98 | 5.24 | 3.27 | 4.15 | 3.30 | 2.54 | 3.32 | 1.69 | 1.86 | 1.72 | 2.43 | 1.93 |
| Real Estate, Renting and Business Services | 23.69 | 14.62 | 14.86 | 10.94 | 16.03 | 11.02 | 9.96 | 8.64 | 7.56 | 9.30 | 12.67 | 4.65 | 6.22 | 3.37 | 6.73 |
| Private Education | 1.66 | 7.34 | 7.34 | 3.78 | 5.03 | 2.74 | 16.09 | 2.34 | 3.19 | 6.09 | -1.08 | -8.76 | 5.00 | 0.59 | -1.06 |
| Health and Social Work | 4.86 | 6.68 | 7.06 | 4.96 | 5.89 | 4.92 | 5.28 | 4.95 | 3.76 | 4.73 | -0.06 | 1.40 | 2.11 | 1.20 | 1.16 |
| Other Community, Social and Personal Service Activities | 9.38 | 10.74 | 10.88 | 8.13 | 9.78 | 10.15 | 9.95 | 8.16 | 8.29 | 9.14 | -0.77 | 0.79 | 2.72 | -0.17 | 0.65 |

Source: Bureau of Labor and Employment Statistics (BLES), Quarterly Labor Turnover Survey (LTS).

**Table 2 - LABOR TURNOVER RATES IN TOP ENTERPRISES
IN METRO MANILA BY QUARTER: 2003-2008**
(In percent)

| Year/Quarter | Accession Rate | | | Separation Rate | | | Percent Difference |
|----------------------|----------------|------------------|--------------------|-----------------|--------------------|--------------------|--------------------|
| | Total | Due to Expansion | Due to Replacement | Total | Employee-Initiated | Employer-Initiated | |
| 2008 | 10.75 | 3.59 | 7.16 | 8.37 | 4.16 | 4.22 | 2.38 |
| 1 st Qtr. | 12.23 | 4.35 | 7.88 | 7.46 | 3.61 | 3.86 | 4.76 |
| 2 nd Qtr. | 10.56 | 3.88 | 6.68 | 8.57 | 4.56 | 4.01 | 1.99 |
| 3 rd Qtr. | 11.05 | 3.73 | 7.32 | 9.00 | 4.13 | 4.88 | 2.05 |
| 4 th Qtr. | 9.14 | 2.39 | 6.75 | 8.45 | 4.33 | 4.12 | 0.69 |
| 2007 | 10.47 | 1.94 | 8.53 | 7.64 | 3.42 | 4.22 | 2.83 |
| 1 st Qtr. | 9.21 | 1.57 | 7.64 | 7.65 | 3.11 | 4.55 | 1.56 |
| 2 nd Qtr. | 11.31 | 2.17 | 9.14 | 7.75 | 3.82 | 3.93 | 3.57 |
| 3 rd Qtr. | 11.16 | 1.81 | 9.35 | 7.84 | 3.66 | 4.18 | 3.31 |
| 4 th Qtr. | 10.20 | 2.20 | 8.00 | 7.33 | 3.10 | 4.23 | 2.87 |
| 2006 | 9.22 | 2.94 | 6.29 | 7.70 | 3.20 | 4.50 | 1.52 |
| 1 st Qtr. | 9.20 | 1.82 | 7.38 | 8.43 | 3.23 | 5.20 | 0.77 |
| 2 nd Qtr. | 8.94 | 2.51 | 6.43 | 7.21 | 3.42 | 3.79 | 1.72 |
| 3 rd Qtr. | 9.84 | 3.88 | 5.96 | 7.87 | 3.14 | 4.73 | 1.97 |
| 4 th Qtr. | 8.91 | 3.55 | 5.37 | 7.27 | 3.00 | 4.26 | 1.64 |
| 2005 | 8.66 | 1.96 | 6.70 | 7.67 | 3.26 | 4.41 | 0.98 |
| 1 st Qtr. | 7.91 | 1.60 | 6.31 | 7.70 | 3.16 | 4.55 | 0.21 |
| 2 nd Qtr. | 9.95 | 2.07 | 7.88 | 7.34 | 3.61 | 3.73 | 2.61 |
| 3 rd Qtr. | 8.47 | 2.13 | 6.34 | 8.55 | 3.40 | 5.15 | -0.08 |
| 4 th Qtr. | 8.30 | 2.05 | 6.25 | 7.10 | 2.88 | 4.22 | 1.20 |
| 2004 | 7.12 | 1.99 | 5.13 | 6.09 | 2.49 | 3.60 | 1.04 |
| 1 st Qtr. | 5.88 | 1.56 | 4.31 | 6.11 | 2.47 | 3.64 | -0.24 |
| 2 nd Qtr. | 7.34 | 2.24 | 5.10 | 5.47 | 2.55 | 2.92 | 1.87 |
| 3 rd Qtr. | 8.16 | 2.11 | 6.05 | 6.53 | 2.74 | 3.79 | 1.63 |
| 4 th Qtr. | 7.12 | 2.05 | 5.07 | 6.23 | 2.20 | 4.04 | 0.89 |
| 2003 | 6.82 | 2.24 | 4.59 | 6.76 | 2.96 | 3.81 | 0.06 |
| 1 st Qtr. | 6.12 | 1.86 | 4.25 | 6.06 | 2.83 | 3.23 | 0.06 |
| 2 nd Qtr. | 6.85 | 1.98 | 4.88 | 6.70 | 2.82 | 3.88 | 0.15 |
| 3 rd Qtr. | 6.52 | 2.12 | 4.40 | 7.92 | 3.36 | 4.55 | -1.40 |
| 4 th Qtr. | 7.79 | 2.98 | 4.82 | 6.38 | 2.82 | 3.56 | 1.42 |

Note: 2008 data not comparable with the previous year data series due to change in sampling design and sample size.
Source: BLES, LTS.