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BusinessMirror



A broader look at today's business

PERSPECTIVE



WHERE ARE THE JOBS?

No surprise! Call centers and BPOs still the top employers

By **David L. Llorito,**
Debonaire Pepito
and **Louise Francisco**
Research Staff

In June, cyberservices—short hand for information technology and information technology-enabled services—remains the top job advertisers in the Philippines, indicating the continuing robustness of the sector despite reports of labor shortages in the last few years.

For the month, the results of BusinessMirror's monthly Job Ads Monitoring (JAM) Project shows that private business organizations, public agencies and civil-society organizations posted at least 26,216 job advertisements in both print media and online job sites, of which about 23 percent, or 6,016 ads, are for cyber-services.

The country's cyberservices sector is composed largely of companies engaged in business process outsourcing such as call centers, back-office operations and shared services, software development, medical transcription, engineering design, animation and creative services, among others. Sources

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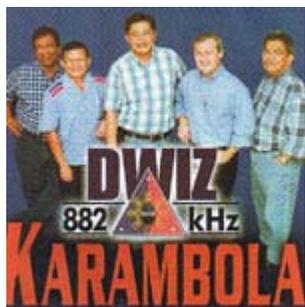
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WHERE ARE



Anchored by Jonathan dela Cruz, Salvador Escudero, Boying Remulla, Teddy Boy Locsin and Alvin Capino

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from the Business Processing Association Philippines estimated that the country's cyberservices industry has been posting annual growth rates of about 60 percent in the last five years.

Next to cyberservices, construction and engineering posted 4,192 job advertisements, about 84 percent of which are for overseas work, particularly in the Gulf States and some oil-producing nations in Africa.

The third-highest job advertisers are human resource or job recruitment agencies that are either doing labor pooling or are processing and hiring people for various industries both here and abroad. Recruitment or human resource agencies posted 3,717 job advertisements—largely for manpower pooling for deployment for various industries. About 38 percent of these jobs are for overseas placements.

These top three job advertisers account for 53 percent of all job advertisements in June this year.

Business confidence indicator

Since May, BusinessMirror has been monitoring job advertisements in the Philippines to determine labor demand, as well as assess the performance of the Philippine economy in general. Monitored are the volume of job-ads placements in the three major national newspapers every weekend and three leading Internet job sites every day, classified by industry and occupation groups. By the end of July, BusinessMirror aims to develop a job ads index to keep track of labor demand on a historical basis.

This research effort is inspired by the Help Wanted Index developed by the Conference Board, a New York-based nonprofit organization that "disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society" in the United States.

According to Bernard Baumohl, a former Time magazine economics reporter, job advertisements is a "reasonable predictor" of an economy's direction.

"When classified ads for jobs increase, it signifies growing confidence in the business community about upcoming sales and profits," said Baumohl in his book *The Secrets of Economics Indicators: Hidden Clues to Future Economic Trends and Investment Opportunities*.

"The brighter the outlook, the more likely employers will accelerate hiring. Should the number of ads shrink, it is an indication that companies are getting nervous about the future," he said. "Concerns that business may turn sour in the months ahead will cause firms to postpone or cancel hiring plans."

Indeed, economist Joseph Yap reported of a recent memorandum from Malacañang instructing the Commission on Higher Education (CHED) to come up with a profile of the demand and supply situation of labor and skills. "This would be very useful for CHED because this would be the demand side," said Yap, who's also the president of the Philippine Institute for Development Studies, a government policy think tank based in Makati.

Manufacturing jobs

The fourth top job advertisers are companies from the manufacturing sector with 2,490 job advertisements. The bulk of these jobs are in food manufacturing, apparel and footwear, furniture and fixtures; chemical products, metals and electrical machinery, among others.

Yap said manufacturing has been steady the past two years, helped by the entry of upcoming sectors. "Food manufacturing has rebounded. It was weak about three to four years ago but food manufacturing has been growing," he said. "And then you have emerging sectors like furniture. Part of that is probably electronics where global demand is rising."

Next to manufacturing, the fifth top job advertisers in June are firms in the wholesale and retail trade sector, which posted 1,624 job ads, reflecting the continuing growth owing to strong domestic demand. Many of these job advertisements are from malls that are being built in different parts of the country.

The remaining top job advertisers are hotels, resorts and restaurants; financial intermediation; transportation, storage and communications; personal, community and social services; and "unclassified" industries. Job advertisements in these sectors also reflect strong consumer demand owing to rising remittances, as well as the recovery of tourism. In the first half this

year, dollar remittances have been growing at double-digit rates. In the last three years, tourism arrivals have also been growing significantly.

Rising demand for skilled labor

The survey suggests that the Philippine economy is creating more jobs as companies seek out people to hire. It appears, however, that employers are looking mainly for professional, technical and skilled workers.

Of the 26,216 job ads for June, about 59 percent or 15,412 job ads were for professional, technical and related workers. And out of the 15,412 job ads form this category of workers, more than 10,450 are for local placements, while the remaining 4,962 are for jobs abroad.

This class of workers includes veterinarians, statisticians, teachers, surveyors, information technology experts, accountants, engineers, scientists, ship's deck officers, artists, nurses, performing artists, medical professionals, lawyers and dentists, among others.

In the last 10 quarters, the country's gross domestic product has been growing within the range of 5 percent to 6 percent in real terms. The JAM results suggest that this modest economic growth rate has been benefiting professional, technical and skilled workers.

Next to professionals, sales, clerical and managerial positions are also in demand ranking. The rest of the top 10 are for production workers and service workers for here and abroad.

Overall, about a third of the total number of jobs were for overseas placements, an indication of the growing globalization of the Philippine labor market. Specifically, sectors that had high demand for overseas placements were mining and quarrying; air transport; electricity, gas and water; and medical and health.

Prospects

Richard Mills, chairman of the Chalmers Associates, an executive search services company based in Makati, expects the cyberservices to continue to be the top job generator in the next few years due to several trends in the global outsourcing industry.

For one, he noted that India, the current global leader in outsourcing, has become too successful that it is currently experiencing several problems, including infrastructure bottlenecks, worsening staff retention and rapidly rising labor costs. After India, the Philippines is increasingly becoming more attractive, particularly for back-office operations like accounting and bookkeeping, account maintenance, payroll processing, asset management, credit-card administration, database management and logistics, among others.

Mills also pointed out that outsourcing has ceased to become a mainly American business strategy. Europeans, Japanese, Canadians, Australians and Singaporeans are increasingly resorting to outsourcing. The Philippines, he said, is likely to bag significant contracts in the near term and that this trend will likely be reflected in more job advertisements for the sector.

PIDS's Yap said the JAM results are useful in terms of approximating labor demand in the country. The question, however, is whether or not our educational system is meeting—or making adjustments to meet—the emerging demand.

Nonetheless, he said the job postings indicate that the economy is not in dire straits. "I'd like to point out we've been growing relatively steadily, and higher than some countries in the region," he said.

Yap, however, is concerned that the demand for jobs in construction and engineering is mostly for overseas placement.

"In general if you're sending too many people abroad, then that means that domestic activity is not enough to absorb [workers]," said Yap. "Even if I say that the economy is not in dire straits there is still a lot of room for growth because we need at least 7-percent to 8-percent growth for an extended period of time to really transform the economy."

"Five-percent [growth] is enough to survive; that's enough to keep the Philippines out of a crisis. It's what we call muddling through—not enough to raise the standard of living," he said.

"Look at China. It has been growing at 9 percent to 10 percent. That's what we need to transform."

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