

# **Macroeconomic Determinants of Youth Unemployment: Evidence from the Philippines (2012-2016)**

**Althea Carmel Hermosilla**

**Jamaliah Nasrodin**

**Bon Winston Omongos**

**Wedad Panaob**

*Mindanao State University-Iligan Institute of Technology, Philippines*

Youth is one of the most powerful forces and tools a nation can possess in order to advance its social and economic growth. However, youth unemployment remains a major problem in every country around the world and could be considered as a global challenge. Considering the significant impact of youth on social and economic development, addressing the urgent issues regarding youth unemployment is a recurring dilemma faced by most 3rd-world countries, including the Philippines. This study used Panel-Corrected Standard Error (PCSE) Regression Analysis to examine the macroeconomic determinants of youth unemployment using secondary data by each specific region in the Philippines from 2012-2016. Based on the regression results of this study, Regional Gross Domestic Product and Minimum Wage in the Agricultural sector significantly affects youth unemployment and shows a positive relationship. On the other hand, Inflation and Minimum Wage in the Non-Agricultural sector significantly affects youth unemployment and has a negative relationship. The study concludes that Regional Gross Domestic Product, Inflation, and Minimum Wage on both sectors are significant determinants that could affect youth unemployment in the Philippines. The study suggests that decision-makers should encourage job-creating, long-term growth strategies and impose effective fiscal and monetary policies in order to reduce youth unemployment across different regions in the country.

***Keywords:*** *Inflation, Minimum Wage, Panel Data Analysis, Philippines, Regional Gross Domestic Product, Youth Unemployment*