



De La Salle University – Dasmariñas

**DETERMINANTS OF URBAN GROWTH
IN METRO MANILA**

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ABSTRACT

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The purpose of this study was to determine the human and physical capital factors that contribute to the urbanization of Metro Manila; and to analyze the impact of selected human and physical capital on the urban growth of Metro Manila. The study used proxy variables for physical capital namely, gross value added in construction, gross value added in manufacturing, and gross value added in utilities; and proxy variables for human capital namely, business permits, rural health units, number of hospitals, live births, gross value added in service, number of elementary and secondary teachers, and number of banks. Income and labor force were used as the dependent variables. Stepwise regression and pairwise Granger causality were used to test the impact of physical capital and human capital on urban growth in Metro Manila.

Number of business permits, gross value added of manufacturing, gross value added of utilities, and number of public elementary school teachers were found to be significantly affecting income of Metro Manila. Number of business permits, gross value added of construction, gross value added of manufacturing, number of live births, gross value added of services, number of public elementary school teachers, and number of banks were found to be significantly affecting the labor force in Metro Manila. Labor force, number of live births, number of banks, gross value added of construction, gross value added of manufacturing Granger caused income while income Granger caused only the number of public elementary school teachers, and gross value added of



manufacturing. Also, number of business permits, gross value added of services, and number of live births Granger caused the labor force, while labor force Granger caused the number of public high school teachers, number of banks, number of rural health units, and gross value added of utilities.

The study concluded that all the physical capital variables have a positive impact on income and labor force while gross value added of manufacturing has a negative impact. All human capital variables have a positive impact on income and labor force.

The study recommends that the government should provide greater attention to improve the skills, knowledge, expertise of the labor force, and provide physical and industrial capacity in Metro Manila. Programs of the government should focus on maintaining and improving the physical capital of Metro Manila in terms of three sectors that were considered to be at the forefront of building the infrastructure of a highly urbanized Metro Manila.



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