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## STRUCTURE OF LABOR COST IN THE PHILIPPINES (Fourth part of a series)

The 2013 Labor Cost Survey (LCS) is one of the modules of the 2013/2014 Integrated Survey on Labor and Employment (ISLE), formerly, the BLES Integrated Survey (BITS). The ISLE is a nationwide establishment survey conducted by the Philippine Statistics Authority (PSA) covering 8,399 agricultural and non-agricultural establishments employing at least 20 workers.

The LCS is intended to provide data that would address the gap in wage statistics, specifically on the evolution of labor cost and its various components. Particularly, the survey inquires on the different components of expenses incurred by employers in engaging the services of its workers.

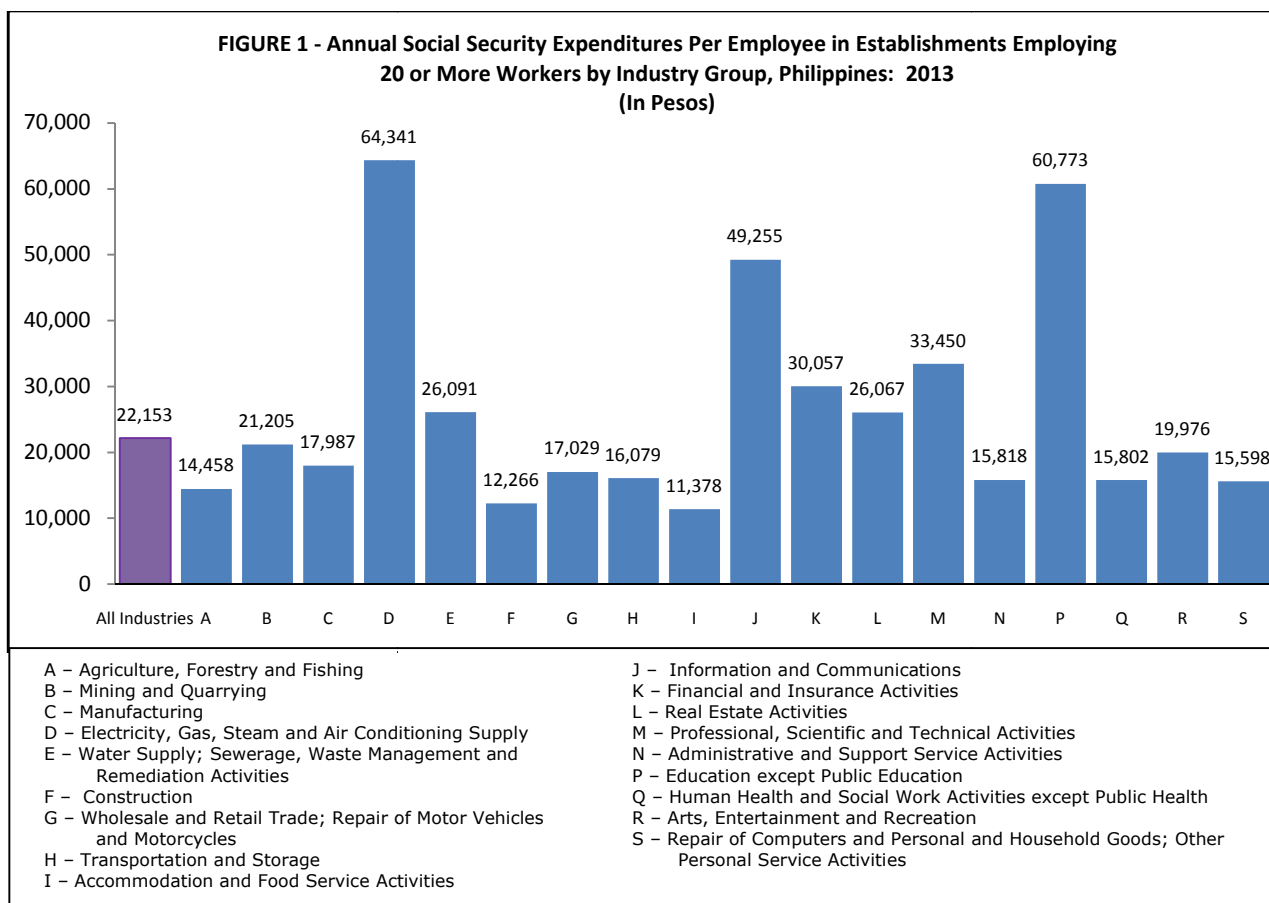
According to the ILO Resolution regarding labor cost statistics adopted by the 11<sup>th</sup> Conference of Labour Statisticians in October 1966, the statistical concept of labor cost comprises remuneration for work performed, payments in respect of time paid but not worked, bonuses and gratuities, the cost of food, drink and other payments in kind, cost of workers' housing borne by employers, employers' social security expenditures, cost to the employer for vocational training, welfare services and miscellaneous items, such as transport of workers, work clothes and recruitment, together with taxes regarded as labor cost.

This issue of LABSTAT Updates focuses on the sub-cost components of social security expenditures paid by employers for its employees across industries in 2013. These sub-components include compulsory social security expenditures; collectively agreed contractual and non-obligatory contributions to private and social security schemes and insurance; direct payments by employer to employees regarded as social security benefits; cost of medical care and health services; and retirement and termination/separation pay.

The total labor cost for 2013 was posted at ₱1,065.7 billion for which social security expenditures contributed a share of 8.7%. The metadata and the statistical tables of the survey are posted at the PSA website.

### **Electricity, gas, steam and air conditioning supply - top provider of benefits at ₱64,341 per employee a year**

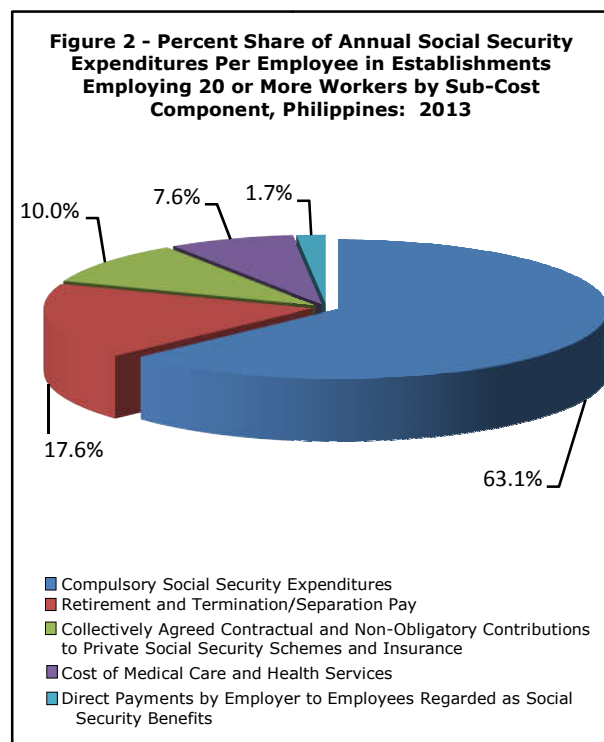
- The average annual social security expenditures spent by employers in 2013 reached ₱22,153, equivalent to about 1,846 a month per employee. (Figure 1)
- Across industries, electricity, gas, steam and air conditioning supply posted the highest amount of annual social security expenditures at 64,341 per employee. Private education came next at 60,773 per employee, followed by information and communication with 49,255 per employee.
- Meanwhile, the least amount was provided in accommodation and food service activities at ₱ 11,378 per employee.
- The remaining industries recorded annual social security expenditures ranging from 33,450 to 12,266 per employee.



Source of data: Philippine Statistics Authority, 2013/2014 Integrated Survey on Labor and Employment.

**Compulsory social security expenditures comprised almost two-thirds (63.1%) of annual social security expenditures**

- For all industries, compulsory social security expenditures (payments to SSS, PhilHealth, GSIS and Pag-IBIG) registered the largest share at 63.1% ( 13,989) of the total ₱22,153 annual social security expenditures in 2013. Retirement and termination/separation followed far behind with a share of 17.6% (₱3,893). (Figure 2)
- Other sub-cost components which posted relatively minimal shares to total include collectively agreed contractual and non-obligatory contributions to private social security schemes and insurance at 10.0% ( 2,214); cost of medical care and health services at 7.6% ( 1,688); and direct payments by employers to employees regarded as social security benefits which recorded the least share at 1.7% (₱368).



Source of data: Philippine Statistics Authority, 2013/2014 Integrated Survey on Labor and Employment.

**Payments for compulsory social security expenditures  
highest in private education**

- By sub-cost component across industries, employers in private education paid the largest annual compulsory social security expenditures at 53,104 per employee, comprising almost 90 percent of the total ₱60,773 annual social security expenditures in the industry. (Table 1)
- This was followed by water supply, sewerage, waste management and remediation activities at ₱20,002 per employee and electricity, gas, steam and air conditioning supply at ₱17,414 per employee.
- The least amount was granted by employers engaged in mining and quarrying (₱ 8,717 per employee).

**Hefty amount of retirement and termination/separation pay provided by employers in electricity, gas, steam and air conditioning supply**

- Employers in electricity, gas, steam and air conditioning supply shouldered the highest annual retirement and termination/separation pay at 32,525 per employee, more than half (50.6%) of the total annual social security expenditures in the industry. This is way above the all industry average posted at ₱3,893 per employee.
- Information and communications followed behind at a much lesser amount at ₱13,927 (28.3%). The least amount was contributed by employers in construction at ₱527 (4.3%).

**Largest amount of collectively agreed contractual and non-obligatory contributions to private social security schemes and insurance spent in information and communications industry**

- Information and communications industry paid the highest annual collectively agreed contractual and non-obligatory contributions to private social security schemes and insurance at ₱15,615 per employee, accounting for almost one-third (31.7%) of the total ₱49,255 annual social security expenditures in the industry.
- Electricity, gas, steam and air conditioning supply came next at ₱5,056 (7.9%). The least amount was granted by employers in repair of computers and personal and household goods, and other personal service activities at ₱134 (0.9%) per employee.

**Employers in electricity, gas, steam and air conditioning supply granted the highest annual cost of medical care and health services per employee**

- The biggest amount of benefits for annual cost of medical care and health services per employee was provided in electricity, gas, steam and air conditioning supply at ₱8,977 which is equivalent to 14.0 percent of the total ₱64,321 annual social security expenditures in the industry.
- Industries engaged in real estate activities and mining and quarrying followed next with ₱6,008 per employee and ₱5,886 per employee, respectively.
- The least amount of benefit was paid in construction at ₱470 per employee a year.

***Employers in mining and quarrying provided the biggest direct payments to employees regarded as social security benefits***

- Mining and quarrying employees received the highest amount of direct payments regarded as social security benefits at 1,229 per employee. This was higher than the all-industry amount of ₱368 per employee.
- Following closely behind was private education at 1,187 per employee. The rest of the industries posted direct payments ranging from a high of 643 per employee to a low of 36 per employee.

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**FOR INQUIRIES**

Regarding this report, contact **LABOR STANDARDS AND RELATIONS STATISTICS DIVISION** at 376-1921

Regarding other statistics, contact **KNOWLEDGE MANAGEMENT AND COMMUNICATIONS DIVISION** at 462-6600 local 834

Or visit our website at <http://www.labstat.psa.gov.ph>

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**TABLE 1–Percent Share of Annual Social Security Expenditures Per Employee in Establishments Employing 20 or More Workers by Major Industry Group and Sub-Cost Component, Philippines: 2013  
(In Pesos)**

Major Industry Group	Total Annual Security Expenditures per Employee	Compulsory Social Security Expenditures		Retirement and Termination/Separation Pay		Collectively Agreed, Contractual and Non-Obligatory Contributions to Private Social Security Schemes and Insurance		Cost of Medical Care and Health Services		Direct Payments by Employer to Employees Regarded as Social Security Benefits	
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
All Industries	<b>22,153</b>	<b>13,989</b>	<b>63.1</b>	<b>3,893</b>	<b>17.6</b>	<b>2,214</b>	<b>10.0</b>	<b>1,688</b>	<b>7.6</b>	<b>368</b>	<b>1.7</b>
Agriculture, Forestry and Fishing	14,458	8,743	60.5	3,150	21.8	996	6.9	1,490	10.3	81	0.6
Mining and Quarrying	21,205	8,717	41.1	4,821	22.7	551	2.6	5,886	27.8	1,229	5.8
Manufacturing	17,987	10,284	57.2	4,131	23.0	1,785	9.9	1,442	8.0	345	1.9
Electricity, Gas, Steam and Air Conditioning Supply	64,341	17,414	27.1	32,525	50.6	5,056	7.9	8,977	14.0	370	0.6
Water Supply; Sewerage, Waste Management and Remediation Activities	26,091	20,002	76.7	2,861	11.0	906	3.5	1,679	6.4	643	2.5
Construction	12,266	10,541	85.9	527	4.3	472	3.8	470	3.8	256	2.1
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	17,029	10,628	62.4	2,153	12.6	2,530	14.9	1,226	7.2	493	2.9
Transportation and Storage	16,079	11,685	72.7	2,860	17.8	824	5.1	673	4.2	36	0.2
Accommodation and Food Service Activities	11,378	8,729	76.7	1,341	11.8	188	1.7	893	7.9	228	2.0
Information and Communications	49,255	15,532	31.5	13,927	28.3	15,615	31.7	3,915	8.0	267	0.5
Financial and Insurance Activities	30,057	14,314	47.6	8,489	28.2	2,661	8.9	4,334	14.4	259	0.9
Real Estate Activities	26,067	13,623	52.3	6,064	23.3	237	0.9	6,008	23.0	135	0.5
Professional, Scientific and Technical Activities	33,450	14,249	42.6	10,526	31.5	4,967	14.8	3,400	10.2	307	0.9
Administrative and Support Service Activities	15,818	11,202	70.8	1,172	7.4	2,142	13.5	1,045	6.6	258	1.6
Education except Public Education	60,773	53,104	87.4	4,242	7.0	1,090	1.8	1,150	1.9	1,187	2.0
Human Health and Social Work Activities except Public Health Activities	15,802	11,285	71.4	2,378	15.0	271	1.7	1,706	10.8	161	1.0
Arts, Entertainment and Recreation	19,976	12,755	63.9	3,866	19.4	1,107	5.5	1,849	9.3	399	2.0
Repair of Computers and Personal and Household Goods; Other Personal Service Activities	15,598	12,642	81.1	2,044	13.1	134	0.9	591	3.8	187	1.2

Note: Details may not add up to totals due to rounding.

Source of data: Philippine Statistics Authority, 2013/2014 Integrated Survey on Labor and Employment.