

STRUCTURE OF LABOR COST IN THE PHILIPPINES (Third 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 11th 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 different components of bonuses and gratuities by industry in 2013. In particular, bonuses and gratuities are year-end, seasonal and other one-time bonuses (mid-year/Christmas bonus, 13th/14th/15th month pay and the like), profit sharing bonuses and additional payments in respect of vacation, supplementary to normal vacation pay.

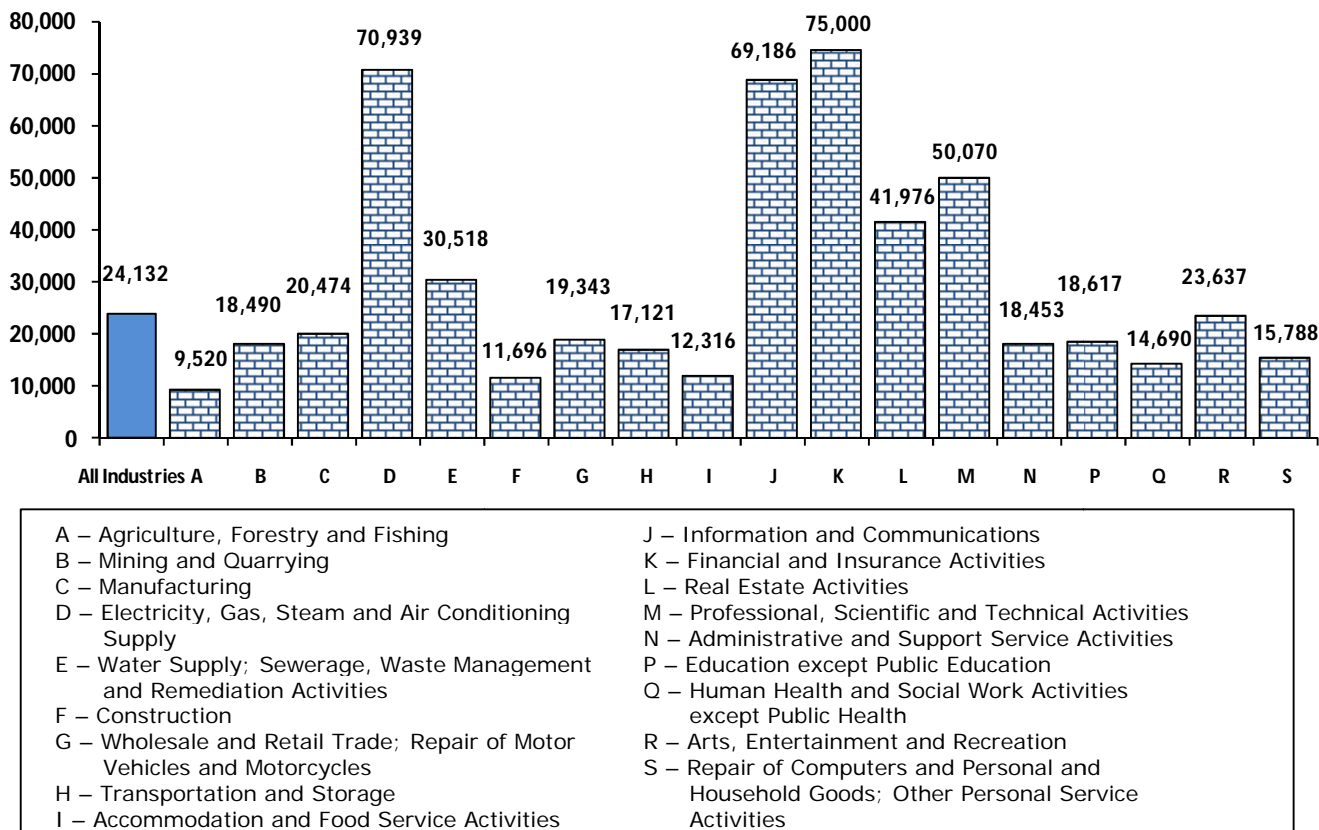
Total labor cost during the year was posted at ₱1,065.7 billion for which bonuses and gratuities contributed the second biggest share at 9.5% next to direct wages and salaries.

The metadata and the statistical tables of the survey are posted at the PSA website.

Employers in financial and insurance activities provided the highest annual bonuses and gratuities at ₱75,000 per employee

- For 2013, the average annual bonuses and gratuities paid by employers amounted to at ₱24,132 per employee. (Figure 1)
- The lowest amount was received by employees in the agriculture, forestry and fishing industry at less than ₱10,000 per year.
- Among industries, financial and insurance activities granted the highest annual bonuses and gratuities at ₱75,000 per employee. This was followed by electricity, gas, steam and air conditioning supply at ₱70,939 and information and communications at ₱69,186.
- The rest of the industries posted annual bonuses and gratuities ranging from ₱50,070 to ₱11,696 per employee.

Figure 1 - Annual Bonuses and Gratuities Per Employee in Establishments Employing 20 or More Workers by Major Industry Group, Philippines: 2013 (In Pesos)

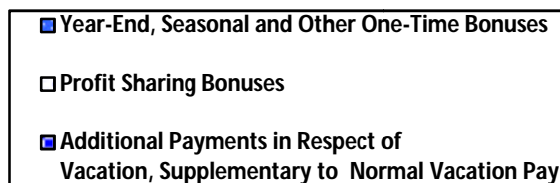
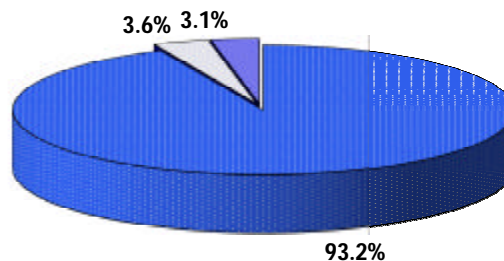


Source of data: Philippine Statistics Authority, 2013/2014 Integrated Survey on Labor and Employment.

Year-end, seasonal and other one-time bonuses accounted for the largest share of annual bonuses and gratuities

- Among the sub-cost components that made up the total ₱24,132 annual bonuses and gratuities per employee, the biggest chunk (93.2% or ₱22,499) was paid for as year-end, seasonal and other one-time bonuses. (Figure 2)
- On the other hand, profit sharing bonuses and additional payments in respect of vacation, supplementary to normal vacation pay, accounted for minimal shares equivalent to 3.6% (₱878) and 3.1% (₱754), respectively.

Figure 2 - Percent Share of Annual Bonuses and Gratuities Per Employee in Establishments Employing 20 or More Workers by Sub-Cost Component, Philippines: 2013



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.

Electricity, gas, steam and air conditioning supply provided the largest year-end and other similar bonuses to its employees

- Industry-wise, workers in electricity, gas, steam and air conditioning supply enjoyed the most substantial amount of year-end, seasonal and other one-time bonuses at ₱68,674 per employee. This was higher than the all-industry level of ₱22,499 per employee. (Table 1)
- The least amount was posted in agriculture, forestry and fishing at ₱8,403 per employee.
- Year-end, seasonal and other one-time bonuses of all industries recorded more than 80% of the annual bonuses and gratuities granted by employers. The highest shares were in construction (98.6%) and real estate activities (98.5%) with the lowest share in repair of computers and personal and household goods and other personal services, activities (84.6%).

Hefty amount of profit sharing bonuses provided by employers in financial and insurance activities

- The all-industry amount of annual profit sharing bonuses per employee was posted at ₱878 with the following industries exceeding the all-industry amount:

<i>Financial and insurance activities</i>	₱6,426
<i>Professional, Scientific and Technical Activities</i>	₱3,022
<i>Manufacturing</i>	₱1,233
<i>Repair of Computers and Personal and Household Goods; Other Personal Service Activities</i>	₱1,155
- Meanwhile, three industries did not grant profit sharing bonuses during the year: water supply, sewerage, waste management and remediation activities; private education; and arts, entertainment and recreation.
- In terms of percent share of profit sharing bonuses to the industry's respective total annual bonuses and gratuities, financial and insurance activities recorded the highest share of 8.6%.
- The rest of the industries provided profit sharing bonuses ranging from ₱726 to ₱17 per employee.

Additional payments in respect of vacation, supplementary to normal vacation pay, were highest in information and communications

- Industries that incurred high expenses in terms of additional payments in respect of vacation, supplementary to normal vacation pay were: information and communications (₱3,029); financial and insurance activities (₱2,078); electricity, gas, steam and air conditioning supply (₱1,954); and repair of computers and personal and household goods and other personal service activities (₱1,270).
- Meanwhile, the share of this type of sub-cost component to total annual bonuses and gratuities per employee was highest in repair of computers and personal and household goods, and other personal service activities (8.0%).

FOR INQUIRIES

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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>

TABLE 1 – Annual Bonuses and Gratuities Per Employee and Percent Share in Agricultural and Non-Agricultural Establishments Employing 20 or More Workers by Major Industry Group and Sub-Cost Component, Philippines: 2013 (In Pesos)

Major Industry Group	Annual Bonuses and Gratuities	Year-End, Seasonal and Other One-Time Bonuses		Profit Sharing Bonuses		Additional Payments in Respect of Vacation, Supplementary to Normal Vacation Pay	
		Amount	Percent	Amount	Percent	Amount	Percent
All Industries	24,132	22,499	93.2	878	3.6	754	3.1
Agriculture, Forestry and Fishing	9,520	8,403	88.3	639	6.7	477	5.0
Mining and Quarrying	18,490	17,966	97.2	163	0.9	362	2.0
Manufacturing	20,474	18,440	90.1	1,233	6.0	801	3.9
Electricity, Gas, Steam and Air Conditioning Supply	70,939	68,674	96.8	311	0.4	1,954	2.8
Water Supply; Sewerage, Waste Management and Remediation Activities	30,518	29,922	98.0	-	-	595	1.9
Construction	11,696	11,533	98.6	17	0.1	145	1.2
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	19,343	18,393	95.1	434	2.2	516	2.7
Transportation and Storage	17,121	16,298	95.2	356	2.1	467	2.7
Accommodation and Food Service Activities	12,316	12,065	98.0	18	0.1	232	1.9
Information and Communications	69,186	65,432	94.6	726	1.0	3,029	4.4
Financial and Insurance Activities	75,000	66,497	88.7	6,426	8.6	2,078	2.8
Real Estate Activities	41,976	41,342	98.5	285	0.7	349	0.8
Professional, Scientific and Technical Activities	50,070	46,066	92.0	3,022	6.0	982	2.0
Administrative and Support Service Activities	18,453	17,799	96.5	244	1.3	410	2.2
Education except Public Education	18,617	17,702	95.1	-	-	916	4.9
Human Health and Social Work Activities except Public Health Activities	14,690	13,692	93.2	82	0.6	916	6.2
Arts, Entertainment and Recreation	23,637	23,128	97.8	-	-	508	2.1
Repair of Computers and Personal and Household Goods; Other Personal Service Activities	15,788	13,364	84.6	1,155	7.3	1,270	8.0

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.