

Compensation Schemes in the Industry Sector: 2006

(Second of a five-part series on Industrial Relations Practices)

In 2006, the Bureau of Labor and Employment Statistics (BLES) in coordination with the DOLE Regional Offices conducted the third round of the BLES Integrated Survey (BITS) covering 7,630 non-agricultural sample establishments employing 20 or more workers nationwide. The main objective of the survey is to generate an integrated data sets on occupational employment patterns and wage and compensation practices.

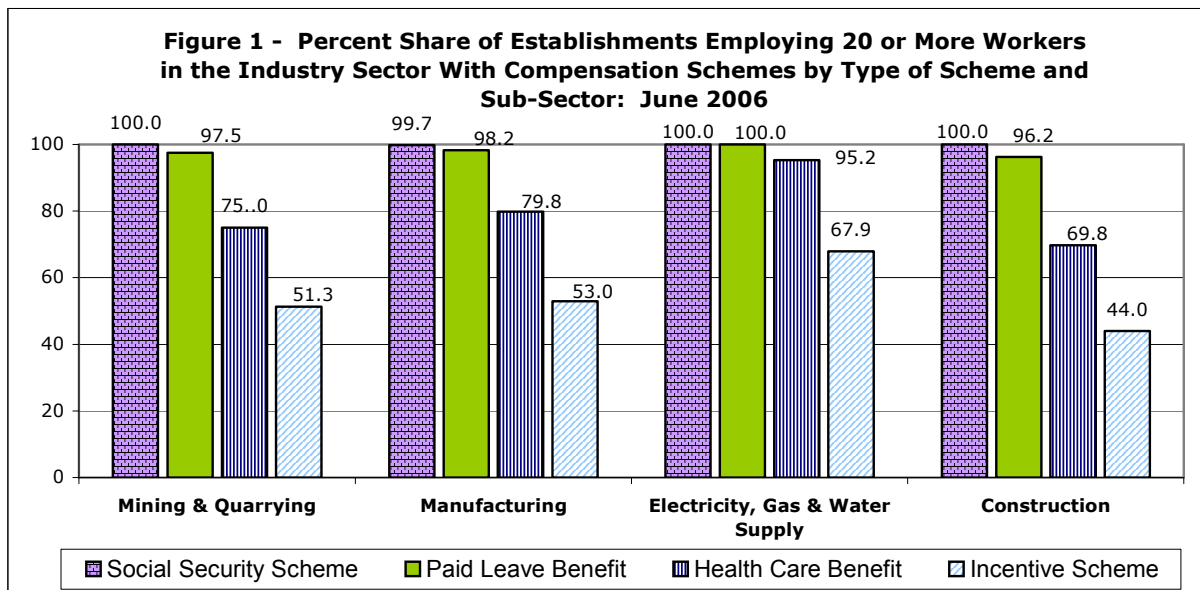
This report provides a brief description of the compensation schemes provided to employees by establishments in the industry sector composed of mining and quarrying, electricity, gas and water supply, manufacturing and construction. **Compensation** is defined as those received by an employee including wage/salaries in cash or in kind, bonuses/gratuities, paid leaves and value of contributions made by employer to social security, private pension, casualty insurance, life insurance and similar schemes, e.g., contributions to medicare, SSS/GSIS, PAG-IBIG and others.

Compensation schemes covered were social security schemes, paid leave benefits, health care benefits and incentive schemes.

Compensation Schemes

Compensation packages in establishments focus more on social security and paid leave benefits and less on health care and other incentive schemes in the industry sector.

Social security topped the list of schemes provided by establishments in this sector. This scheme was granted in all establishments in mining and quarrying, electricity, gas and water supply and construction and in 99.7% of the establishments in manufacturing. Incentive scheme was the least popular in all the industry sub-sectors. (Figure 1)



Social Security Schemes

Under this scheme, compulsory social security (97.4%) is the most popular in almost all establishments in the industry sector. On top of granting the usual compulsory social protection, e.g., SSS, GSIS, EC, Philhealth and PAG-IBIG, establishments in the industry sector also provide other social security schemes specifically separation/termination pay (57.9%) retirement pay (43.5%), medical and health insurance (32.7%), accident insurance (29.2%), hospitalization plan (18.4%) and life insurance (17.5%). (Table 1)

In most establishments, employees share the cost of compulsory social security schemes. However, on other types of social security schemes the entire cost is solely shouldered by most of the employers. This is particularly true in 8 out of every 10 establishments wherein the employers pay for the life insurance, retirement plan and accident insurance of their employees. (Table 2)

Paid Leave Benefits

The top paid leave benefits provided by establishments in the industry sector were vacation leave 88.5%, sick leave 85.1%, maternity leave 78.9% and paternity leave 72.8%. Of these, maternity and paternity leaves are mandatory entitlements that employers are obliged to extend to their workers. (Table 3)

Other two (2) leave benefits mandated by law are service incentive leave and solo parent leave. A service incentive leave is a 5-day leave granted to an employee in instances where vacation leave is not provided by employers. This is granted in only 4.6% of the establishments in the sector. Solo parent leave on the other

hand, is covered under RA 8972 or "Solo Parents' Welfare Act of 2000" which provides for benefits and privileges to solo parents and their children. Only a few (less than 1%) of all establishments in the sector provide solo parent leave to covered employees.

Health Care Benefits

First aid treatment, (70.5%) annual physical check-up, (61.9%) medical care (60.0%) and hospitalization assistance (53.5%) make up the top four health care benefits provided by establishments in the industry sector. (Table 4)

Only few of the establishments (2 out of every 10) provide optical assistance. It is being adopted in 33.3% of the establishments in mining and quarrying, 24.5% in electricity, gas and water supply, 19.6% in manufacturing and 10.5% in construction.

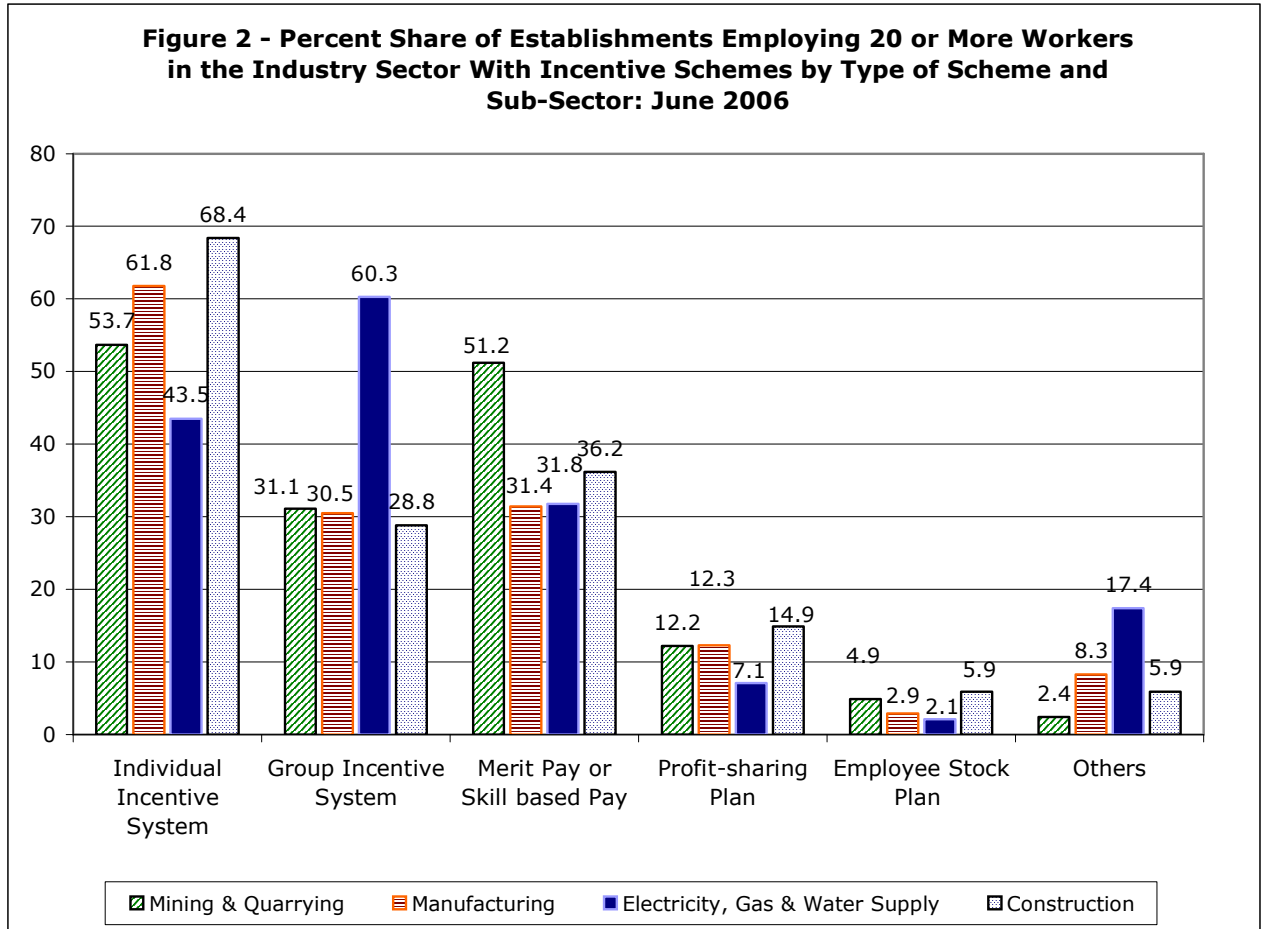
Incentive Schemes

Establishments adopt various incentive schemes to motivate their employees. These schemes include a) individual incentive system which rewards employees on the basis of individual output or performance, e.g., bonuses, commissions; b) group incentive system which rewards employees based on performance e.g., productivity or quality gain sharing; c) profit sharing plans where employees receive a share in the profits of the establishment d) merit pay/skill-based pay which rewards individuals who demonstrated superior qualities or expertise that come from training or practice; and e) employee stock plans either through purchase stocks or stocks option transfer.

Of all the incentive schemes, the individual incentive system is the most popular in the industry sector. This is implemented in 68.4% of the

establishments in construction; 61.8% in manufacturing; 53.7% in mining and quarrying; and 43.5% in electricity, gas and water supply. (Figure 2)

On the other hand, only very few establishments in the industry sector have profit-sharing plans (12.1%) and employee stock plan (3.1%).



Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

FOR INQUIRIES:

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TABLE 1. Number and Percent Share of Establishments Employing 20 or More Workers in the Industry Sector With Social Security Schemes by Type of Scheme and Sub-Sector, Philippines: June 2006

Type of Social Security Schemes	Total		Mining & Quarrying		Manufacturing		Electricity, Gas & Water Supply		Construction	
	No.	%	No.	%	No.	%	No.	%	No.	%
Total	7,716	100.0	80	100.0	6,401	100.0	501	100.0	734	100.0
Compulsory Social Security Scheme	7,519	97.4	80	100.0	6,221	97.2	486	97.0	732	99.7
Separation/Termination Pay	4,470	57.9	40	50.0	3,642	56.9	318	63.5	470	64.0
Retirement Plan	3,358	43.5	48	60.0	2,759	43.1	344	68.7	207	28.2
Medical and Health Insurance	2,523	32.7	44	55.0	2,088	32.6	234	46.7	157	21.4
Accident Insurance	2,257	29.2	36	45.0	1,724	26.9	218	43.5	279	38.0
Hospitalization Plan	1,421	18.4	24	30.0	1,191	18.6	148	29.5	58	7.9
Life Insurance	1,352	17.5	32	40.0	1,098	17.2	140	27.9	82	11.2
Pension Plan	398	5.2	5	6.25	308	4.8	44	8.8	41	5.6
Others	59	0.8	2	2.5	44	0.7	13	2.6	-	-

*Note: Details do not add up to totals due to multiple responses.
Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.*

TABLE 2. Number and Percent Share of Establishments Employing 20 or More Workers in the Industry Sector With Social Security Schemes by Type of Scheme, Occupational Category and Type of Payment, Philippines: June 2006

Social Security Scheme	Managers/Executives			Supervisors/Foremen			Regular Rank and File		
	Number	Wholly paid by Employer (%)	With Contribution from Employee (%)	Number	Wholly paid by Employer (%)	With Contribution from Employee	Number	Wholly paid by Employer (%)	With Contribution from Employee (%)
Compulsory Social Security Scheme	6,802	6.4	93.6	7,069	4.0	96.0	7,477	2.8	97.2
Retirement Plan	3,034	87.7	12.3	3,137	87.1	12.9	3,299	86.0	13.9
Medical and Health Insurance	2,359	57.6	42.3	2,306	54.0	46.1	2,347	53.7	46.3
Accident Insurance	2,006	77.5	22.4	1,959	76.0	24.0	2,101	74.6	25.3
Hospitalization Plan	1,314	73.8	26.2	1,296	71.1	28.8	1,290	69.1	30.9
Life Insurance	1,263	77.0	23.0	1,212	77.6	22.4	1,208	74.6	25.4
Pension Plan	351	71.2	29.1	325	68.5	31.5	328	65.5	34.5
Others	47	46.8	53.2	59	57.6	42.4	59	59.3	40.7

Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

TABLE 3. Number and Percent Share of Establishments Employing 20 or More Workers in the Industry Sector With Paid Leave Benefits by Type of Benefit and Sub-Sector, Philippines: June 2006

Type of Benefit	Total		Mining & Quarrying		Manufacturing		Electricity, Gas & Water Supply		Construction	
	No.	%	No.	%	No.	%	No.	%	No.	%
Total	7,592	100.0	78	100.0	6,307	100.0	501	100.0	706	100.0
Vacation Leave	6,717	88.5	68	87.2	5,599	88.8	482	96.2	568	80.5
Sick Leave	6,464	85.1	71	91.0	5,311	84.2	489	97.6	593	84.0
Maternity Leave	5,990	78.9	57	73.1	4,922	78.0	481	96.0	530	75.1
Paternity Leave	5,527	72.8	57	73.1	4,587	72.7	473	94.4	410	58.1
Bereavement Leave	1,714	22.6	17	21.8	1,416	22.5	173	34.5	108	15.3
Emergency Leave	1,372	18.1	8	10.3	1,127	17.9	121	24.2	116	16.4
Birthday Leave	1,114	14.7	6	7.7	783	12.4	208	41.5	117	16.6
Union Leave	849	11.2	10	12.8	759	12.0	65	13.0	15	2.1
Marriage Leave	510	6.7	6	7.7	390	6.2	67	3.4	47	6.7
Service Incentive Leave	349	4.6	3	3.8	314	5.0	5	1.0	27	3.8
Calamity Leave	329	4.3	6	7.7	252	4.0	54	10.8	17	2.4
Study Leave	128	1.7	7	9.0	44	0.7	41	8.2	36	5.1
Solo Parent Leave	66	0.9	1	1.3	62	1.0	1	0.2	2	0.3
Special Privilege Leave	99	1.3	-	-	8	0.1	91	18.2	-	-
Rehabilitation Leave	19	0.3	-	-	14	0.2	-	-	5	0.7
Others	199	2.6	5	6.4	99	1.6	71	14.2	24	3.4

*Note: Details do not add up to totals due to multiple responses.
Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.*

TABLE 4. Number and Percent Share of Establishments Employing 20 or More Workers in the Industry Sector With Health Care Benefits by Type of Benefit and Sub-Sector, Philippines: June 2006

Type of Benefit	Total		Mining and Quarrying		Manufacturing		Electricity, Gas and Water Supply		Construction	
	No.	%	No.	%	No.	%	No.	%	No.	%
Total	6,170	100.0	60	100.0	5,121	100.0	477	100.0	512	100.0
First Aid Treatment	4,348	70.5	48	80.0	3,745	73.1	239	50.1	316	61.7
Annual Physical Check-up	3,818	61.9	43	71.7	3,223	62.9	374	78.4	178	34.8
Medical Care	3,703	60.0	35	58.3	2,989	58.4	313	65.6	366	71.5
Hospitalization Assistance	3,300	53.5	39	65.0	2,696	52.6	239	50.1	326	63.7
Dental Care	2,316	37.5	35	58.3	1,929	37.7	232	48.6	120	23.4
Medical Allowance	2,040	33.1	24	40.0	1,742	34.0	159	33.3	115	22.5
Vision Care	1,519	24.6	26	43.3	1,303	25.4	110	23.1	80	15.6
Special Laboratory Exam	1,485	24.1	23	38.3	1,273	24.9	94	19.7	95	18.6
Optical Assistance	1,195	19.4	20	33.3	1,004	19.6	117	24.5	54	10.5
Others	165	2.7	4	6.7	133	2.6	25	5.2	3	0.6

*Note: Details do not add up to totals due to multiple responses.
Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.*