

STRUCTURE OF LABOR COST IN THE PHILIPPINES (Second 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.

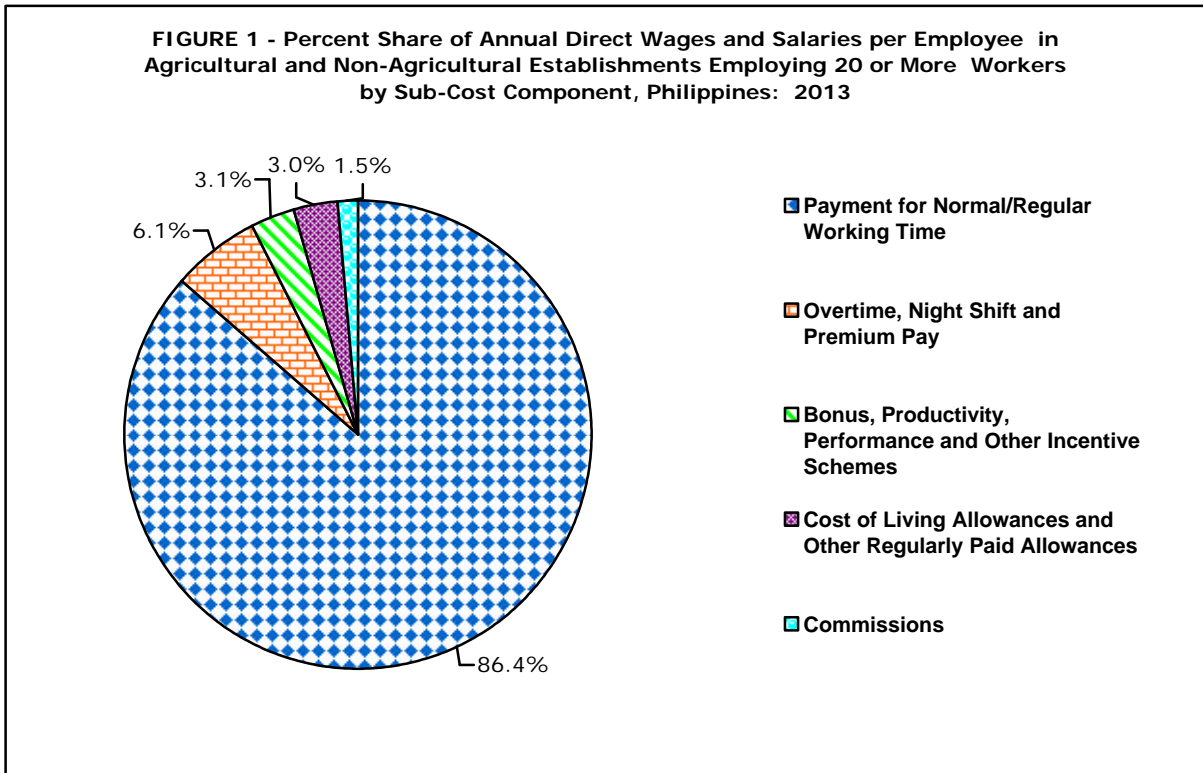
According to the ILO Resolution regarding labor cost statistics adopted by the 11th Conference of Labour Statisticians in October 1966, the statistical concept of labor cost comprises remuneration for work performed, payments in respect of time paid but not worked, bonuses and gratuities, the cost of 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 focuses on direct wages and salaries and its sub-cost components across industries in 2013. These sub-components of labor cost include payment for normal/regular working time; commissions; overtime, night shift and premium pay; bonus, productivity, performance and other incentive schemes; and cost of living allowances and regularly paid allowances. The metadata and the statistical tables of the survey are posted at the PSA website.

The total labor cost in 2013 was posted at ₱1,065.7 billion for which direct wages and salaries contributed the biggest share at 78.7%.

Payment for normal/regular working time accounted for 86.4% of total annual direct wages and salaries in 2013

- The annual direct wages and salaries per employee borne by employers in employing workers in agricultural and non-agricultural establishments with 20 or more workers in 2013 amounted to ₱200,936. (Table 1)
- Among the sub-cost components of direct wages and salaries, payment for normal/regular working time accounted for the biggest share at 86.4%. (Figure 1)
- The remaining other sub-cost components recorded relatively low shares as follows: overtime, night shift and premium pay (6.1%); bonus, productivity, performance and other incentive schemes (3.1%); and cost of living allowances and regularly paid allowances (3.0%).
- Meanwhile, commissions posted the least share at 1.5%.



*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.*

Share of payments for normal/regular working time accounted for the bulk of annual direct wages and salaries for all industries

- Among major industry groups, the proportion of payments for normal/regular working time per employee to the corresponding industry’s annual direct wages and salaries was highest in private education (95.5%); real estate activities (91.2%); and financial and insurance activities (89.4%).
- The least share was recorded in human health and social work activities except public health activities at 74.3%.
- However, in terms of amount paid by employers for normal/regular working time, the highest amount was paid by employers in information and communications at ₱361,816 per employee annually.
- Similarly, large amount of annual pay per employee were also paid by employers in professional, scientific and technical activities (₱341,329) and electricity, gas, steam and air conditioning (₱334,107).
- Meanwhile, least annual cost was incurred by employers in the agriculture, forestry and fishing with a recorded annual payment of ₱87,964 per employee.

Almost one-fourth of annual direct wages and salaries per employee in human health and social work activities were paid by employers as overtime, night shift and premium pay

- The percent share of overtime, night shift and premium pay to total annual direct wages and salaries per employee were highest in human health and social work activities except public health activities, 23.4% (₱43,220).
- This was followed by mining and quarrying at 11.1% (₱22,995).
- Meanwhile, the lowest share was posted in private education at 1.1% (₱2,062).

Share of cost of living allowances and other regularly paid allowances largest in arts, entertainment and recreation

- Among industries, the highest share of 16.5% of the total ₱195,755 annual direct wages and salaries per employee in arts, entertainment and recreation industry were paid by employers as cost of living allowances and other regularly paid allowances.
- Electricity, gas, steam and air conditioning supply came next accounting for 8.8% of the total ₱435,386 annual direct wages and salaries per employee.
- The least share of 1.6% of the total ₱184,890 annual direct wages and salaries per employee was posted in human health and social work activities except public health activities.
- Electricity, gas, steam and air conditioning supply came next

Expenses incurred for bonus, productivity, performance and other incentives was highest in information and communications

- The share of bonus, productivity, performance and other incentive schemes to total direct wages and salaries per employee was largest in information and communications at 10.7%, equivalent to an annual pay of ₱46,595 per employee.
- This was followed by water supply, sewerage, waste management and remediation activities at 7.0% or ₱15,255 annually per employee.
- The least share of cost incurred by employers was recorded in human health and social work activities at 0.6% (₱1,063/employee/year).

Payments for commissions to annual direct wages and salaries per employee was largest in accommodation and food service activities

- The sub-cost component on payments for commissions as percent share of annual direct wages and salaries per employee was highest in accommodation and food service activities (6.1%), followed by professional, scientific and technical activities (5.3%).
- Meanwhile, employer's expenditures for commissions accounted for shares of less than 0.05 percent in water supply, sewerage, waste management and remediation activities; private education; and arts, entertainment and recreation.

Definition of Terms:

Direct Wages and Salaries - cash payments for normal/regular working time, commissions of employees and their share in service charges, overtime, night shift and premium pay, payments under bonus, productivity and other incentive schemes (regular payments on the basis of work performed or current output), cost of living allowances and other guaranteed and regularly paid allowances except housing allowances. These are payments before any deductions are made in respect of taxes, contributions of employees to social security and pension schemes, life insurance premiums, union dues and other obligations of employees. These exclude payments/overhead costs which are reimbursements to employees for travel, entertainment, meals and other expenses incurred in conducting the business of the employer.

FOR INQUIRIES

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

TABLE 1 – Percent Share of Annual Direct Wages and Salaries per Employee 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 Direct Wages and Salaries Per Employee	Payment for Normal/Regular Working Time		Commissions		Overtime, Night Shift and Premium Pay		Bonus, Productivity, Performance and Other Incentive Schemes		Cost of Living Allowances and Regularly Paid Allowances	
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
All Industries	200,936	173,650	86.4	2,924	1.5	12,164	6.1	6,177	3.1	6,021	3.0
Agriculture, Forestry and Fishing	103,230	87,964	85.2	607	0.6	6,634	6.4	5,455	5.3	2,570	2.5
Mining and Quarrying	207,787	172,568	83.1	551	0.3	22,995	11.1	6,193	3.0	5,480	2.6
Manufacturing	177,165	153,742	86.8	576	0.3	16,686	9.4	3,197	1.8	2,963	1.7
Electricity, Gas, Steam and Air Conditioning Supply	435,386	334,107	76.7	-	-	40,490	9.3	22,647	5.2	38,143	8.8
Water Supply; Sewerage, Waste Management and Remediation Activities	218,783	177,680	81.2	94	**	9,623	4.4	15,255	7.0	16,131	7.4
Construction	155,611	130,073	83.6	1,778	1.1	15,838	10.2	5,332	3.4	2,591	1.7
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	168,825	150,614	89.2	4,704	2.8	3,755	2.2	4,835	2.9	4,917	2.9
Transportation and Storage	183,298	158,093	86.2	4,827	2.6	12,662	6.9	4,552	2.5	3,164	1.7
Accommodation and Food Service Activities	132,042	117,208	88.8	8,110	6.1	2,851	2.2	925	0.7	2,948	2.2
Information and Communications	436,664	361,816	82.9	1,638	0.4	17,496	4.0	46,595	10.7	9,119	2.1
Financial and Insurance Activities	331,618	296,537	89.4	12,701	3.8	6,555	2.0	9,436	2.9	6,388	1.9
Real Estate Activities	244,162	222,753	91.2	6,802	2.8	5,246	2.2	2,165	0.9	7,196	3.0
Professional, Scientific and Technical Activities	396,057	341,329	86.2	20,848	5.3	12,941	3.3	11,535	2.9	9,404	2.4
Administrative and Support Service Activities	201,814	171,580	85.0	799	0.4	14,177	7.0	5,700	2.8	9,559	4.7
Education except Public Education	186,982	178,639	95.5	47	**	2,062	1.1	1,921	1.0	4,313	2.3
Human Health and Social Work Activities except Public Health Activities	184,890	137,403	74.3	253	0.1	43,220	23.4	1,063	0.6	2,951	1.6
Arts, Entertainment and Recreation	195,755	150,584	76.9	79	**	4,770	2.4	8,107	4.1	32,215	16.5
Repair of Computers and Personal and Household Goods; Other Personal Service Activities	162,740	142,175	87.4	6,369	3.9	8,621	5.3	2,810	1.7	2,765	1.7

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

** Less than 0.05 percent.

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