

## WAGE RATES IN INDUSTRIES

### ... Basic Pay and Allowance in Major Economic Activities

(Third of a Series)

This issue of the LABSTAT Updates is the third in the series of statistical releases on the results of the 2004 Occupational Wages Survey (OWS) conducted last year in coordination with the DOLE Regional Offices. The OWS is a nationwide survey covering 6,827 non-agricultural establishments employing 50 or more workers. It aims to provide statistics for wage and salary administration and for wage determination in collective bargaining negotiations.

A wage structure and distribution survey is the biggest program in the integrated system of wages statistics as recommended by the 12th International Conference of Labour Statisticians in 1973. The focus of such a survey is the employee and information is collected on characteristics like sex, age, education, level of skill, length of service, nature of employment and occupation. However, the cost, time and effort needed to conduct this comprehensive survey on a nationwide scale cannot be met by BLES given its current resources for statistical undertakings.

Instead, the OWS inquires on the distribution of the time-rate workers on full-time basis along basic pay and allowance intervals. These wage distributions lead to the generation of the median monthly basic pay and the median monthly allowance. The median divides the wage distribution into two equal parts. It is the value where half of the workers in the distribution receive more while the other half receives less.

Nationwide, the median monthly basic pay across the 58 industries covered by OWS was estimated at ₱ 7,542. The median monthly allowance (for those given allowances), on the other hand was reported at ₱ 930.

### Basic pay highest in financial intermediation; least in real estate, renting and business activities



National monthly basic pay was estimated at ₱ 7,542 across the 12 major economic activities covered by the OWS in June 2004 (Table 1).

Lowest among basic pay was in real estate, renting and business activities at ₱ 6,687 which is around 89 percent of the national median basic pay. Construction (₱ 6,798), hotels and restaurants (₱ 6,903),

manufacturing (₱ 6,934) and wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (₱ 7,031) were the other industries with basic pay lower than the national average.

Monthly basic pay was highest in financial intermediation at ₱ 14,857 which is almost twice the national average. It was followed by electricity, gas and water supply at

P 13,612 then by private education services at P 12,043. The rest of the industries had basic pay varying from P 7,604 (health and social work except

public medical, dental and other health services) to P 10,383 (transport, storage and communication).

### **Monthly allowances ranged from P 473 to P 1,406**

Time-rate workers on full-time basis in the surveyed non-agricultural establishments employing at least 50 workers were given guaranteed/regular cash allowances amounting to P 930 a month.

Mining and quarrying received the least allowance at P 473 which is a little over half of the national average. Other community, social and personal service activities were paid the biggest at P 1,406 or 51 percent more than the national level.

Industries that also gave allowances exceeding P 1,000 were financial intermediation (P 1,265), electricity, gas and water supply, (P 1,193), transport, storage and communication (P 1,135), and private education services (P 1,050).

The differentials between the lowest allowance and the highest allowance from the national average indicate less variability in allowances in contrast to the wide spread of median basic pay among the major industry groups.

### **One out of five workers received basic pay below P 6,000 in June 2004**

In June 2004, almost 20 percent of the workers covered by the survey had monthly basic pay below P 6,000. This points to a substantial improvement in pay since 1997 (when the first round of the OWS using a revised survey design was undertaken) as the proportion of workers earning below this amount was almost 60 percent in that year (*Table 2*).

However, the basic pay distribution showed, though negligible and declining through time, that there were still workers earning below P 3,000 which registered 1.6 percent, 0.7 percent and 0.2 percent shares in 1997, 1999 and 2004, respectively.

As revealed by the distributions for the three survey periods, workers were moving into higher pay brackets. This is further reflected by the increasing proportions of workers earning at least P 9,000 recorded at 18.8 percent in 1997; 25.7 percent in 1999; and 37.6 percent in 2004.

This indicates two scenarios: workers' pay are indeed improving through time; and with the realities of flexible working arrangements and outsourcing, establishments are just maintaining a core group of workers who are paid relatively more and the rest of the jobs are contracted out or done by non-regular workers, e.g. casuals who are paid at lower rates.

## More than half of workers are not paid allowances

In 1997 and 1999, around 70 percent of time-rate workers on full-time basis covered by the OWS did not receive regular/guaranteed monthly allowances. The proportion went down to a little over half in 2004 (*Table 3*).

The proportions of workers receiving allowances amounting to less than P 500 a month has declined

from 11.0 percent in 1997 to 7.4 percent in 2004. In contrast, those receiving P 500 to P 1,499 more than doubled to 29.2 percent in 2004 from 11.1 percent in 1997. Similarly, the proportion of workers with allowances of at least P 1,500 grew from 5.9 percent in 1997 to 7.6 percent in 1999 and almost twice at 10.2 percent in 2004.

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**TABLE 1 - Median Monthly Basic Pay and Monthly Allowance of Time-Rate Workers on Full-Time Basis by Major Industry Group, Philippines: June 2004**

*(Non-agricultural establishments employing 50 and over. Median refers to that amount where half of the workers in the basic pay or allowance distribution receive more while the other half receives less.)*

1994 PSIC	Major Industry Group	Median Monthly Basic Pay (₱)	Median Monthly Allowance <sup>1</sup> (₱)
	<b>ALL NON-AGRICULTURAL INDUSTRIES</b>	<b>7,542</b>	<b>930</b>
C	Mining and Quarrying	9,192	473
D	Manufacturing	6,934	867
E	Electricity, Gas and Water Supply	13,612	1,193
F	Construction	6,798	936
G	Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	7,031	875
H	Hotels and Restaurants	6,903	930
I	Transport, Storage and Communication	10,383	1,135
J	Financial Intermediation	14,857	1,265
K	Real Estate, Renting and Business Activities	6,687	895
M81	Private Education Services	12,043	1,050
N85 excl. N8511	Health and Social Work except Public Medical, Dental and Other Health Services	7,604	751
O	Other Community, Social and Personal Service Activities	7,627	1,406

**Notes:** 1. *Basic pay refers to pay for normal/regular working time before deductions for employees' social security contributions and withholding taxes. It excludes overtime, night shift differential and other premium pay; commissions, tips and share of employees in service charge; and payment in kind.*

2. *Allowances refer to regular/guaranteed cash payments. These include living allowance but exclude reimbursements for travel, entertainment, meals and other expenses, etc. incurred in conducting the business of the employer; cost of uniform/working clothes; bonuses and gratuities; family allowances.*

<sup>1</sup> *Refers only to those workers given regular/guaranteed cash allowances.*

**Source of data:** Bureau of Labor and Employment Statistics, Occupational Wages Survey.

**TABLE 2 - Percent Distribution of Time-Rate Workers on Full-Time Basis  
by Monthly Basic Pay, Philippines, 1997, 1999 and 2004**  
(Non-agricultural establishments employing 50 and over. Median refers to that amount where half of the workers in the distribution receive more while the other half receives less.)

Monthly Basic Pay	October 1997	October 1999	June 2004
<b>Time Rate Workers on Full-Time Basis (000)</b>	1,761	1,447	1,555
Percent	100.0	100.0	100.0
Below ₱ 3,000	1.6	0.7	0.2
3,000 - 5,999	58.3	46.2	19.7
6,000 - 8,999	21.3	27.2	42.6
9,000 -11,999	7.5	9.9	12.4
12,000 -14,999	11.3	5.4	7.7
15,000 and over	a	10.4	17.5
<b>Median Monthly Basic Pay (₱)</b>	5,534	6,238	7,542

*Note: Basic pay refers to pay for normal/regular working time before deductions for employees' social security contributions and withholding taxes. It excludes overtime, night shift differential and other premium pay; commissions, tips and share of employees in service charge; and payment in kind.  
a Included in preceding pay bracket.*

*Source of data: Bureau of Labor and Employment Statistics, Occupational Wages Survey.*

**TABLE 3 - Percent Distribution of Time-Rate Workers on Full-Time Basis  
by Monthly Allowances, Philippines, 1997, 1999 and 2004**  
(Non-agricultural establishments employing 50 and over. Median refers to that amount where half of the workers in the distribution receive more while the other half receives less.)

Monthly Allowance	October 1997	October 1999	June 2004
<b>Time Rate Workers on Full-Time Basis (000)</b>	1,761	1,447	1,555
Percent	100.0	100.0	100.0
No allowance	72.0	70.1	53.3
Below ₱ 500	11.0	12.6	7.4
500 - 1,499	11.1	9.7	29.2
1,500 - 2,499	5.9	2.5	4.2
2,500 - 3,499	a	5.1	1.9
3,500 and over	a	a	4.1
<b>Median Monthly Allowance<sup>1</sup> (₱)</b>	658	667	930

*Note: Allowances refer to regular/guaranteed cash payments. These include living allowance but exclude reimbursements for travel, entertainment, meals and other expenses, etc. incurred in conducting the business of the employer; cost of uniform/working clothes; bonuses and gratuities; family allowances.*

*<sup>1</sup> Refers only to those workers given regular/guaranteed cash allowances.*

*a Included in preceding pay bracket.*

*Source of data: Bureau of Labor and Employment Statistics, Occupational Wages Survey.*