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(A Statistical Digest on Labor Cost)

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Labor Cost in the Philippines (Eleventh of a fourteen-part series)

*Last year, the Bureau of Labor and Employment Statistics undertook a nationwide Labor Cost Survey (LCS) that covered **non-agricultural establishments employing at least 20 persons**. The inquiry fills one of the important gaps in the statistical measurement of wages in the country. Thus, it supplements the other statistical undertakings that collect data on wage rates, earnings and compensation of employees.*

The LCS aims to measure the level and composition of labor cost in the Philippines and the evolution of the cost components over time. The reference period of the first LCS is calendar year 1998 and the periodicity of the survey is every four (4) years. The second LCS will be conducted in 2003 with 2002 as reference year.

*This part of the series focuses on the main labor cost components in **hotels and restaurants**. Statistics on the sub-components are available at the Bureau upon request.*

Major Labor Cost Components

- Hotels and restaurants incurred labor expenditures of ₱12,022 million in 1998. Of this amount, payment on direct wages and salaries of ₱9,758 million had the highest proportional share of 81.2 percent. The proportions for the rest of the expenses were noted as follows: 6.6 percent on employer's social security expenditures; 6.3 percent on bonuses and gratuities; and 5.9 percent on other labor costs.

Annual Labor Cost Per Employee

- Annual labor cost stood at ₱91,614 per employed person in hotels and restaurants in 1998. On itemized expenditures per employee, ₱74,360 went to direct wages and salaries; ₱6,094 to employer's social security disbursements; ₱5,787 to bonuses and gratuities; and ₱5,373 to incidental labor costs.
- Proportion of employee bonuses and gratuities to direct wages and salaries in hotels and restaurants stood at 7.8 percent in 1998.

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TABLE 1. - Percent Distribution of Labor Cost in Hotels and Restaurants Industry by Major Cost Component, Philippines: 1998
(In non-agricultural establishments employing 20 and over)

Major Cost Component	Amount (P M)	Percent
Total	12,022	100.00
Direct Wages and Salaries	9,758	81.17
Bonuses and Gratuities	759	6.32
Employer's Social Security Expenditures	800	6.65
Others ¹	705	5.86

¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.

TABLE 2. - Annual Labor Cost Per Employee in Hotels and Restaurants by Major Cost Component, Philippines: 1998
(In pesos. In non-agricultural establishments employing 20 and over)

Major Cost Component	Annual Labor Cost Per Employee
Total	91,614
Direct Wages and Salaries	74,360
Bonuses and Gratuities	5,787
Employer's Social Security Expenditures	6,094
Others ¹	5,373

¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.