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(A Statistical Digest on Labor Cost)

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Labor Cost in the Philippines

(Eighth 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.

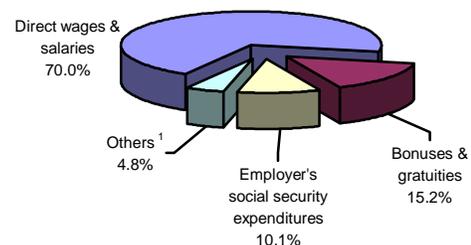
This part of the series focuses on the main labor cost components in the **financial intermediation**. Statistics on the sub-components are available at the Bureau upon request.

Major Labor Cost Components

- Total labor cost of employers in financial intermediation establishments employing at least 20 workers accounted to ₱32,263 million in 1998.
- Around 70.0 percent of the total labor cost went to direct wages and salaries. The proportion for the rest of major cost components were distributed among bonuses and gratuities (15.2%), employer's social security expenditures (10.1%) and other labor costs (4.8%).
- Across sub-sectors, the highest proportion of employers' expenditures were in banking institutions except central banking (₱24,010 million) while the lowest share were in activities auxiliary to

financial intermediation (₱1,546 million). The labor cost disbursed by the employers in non-bank financial intermediation amounted to ₱3,449 million while insurance and pension funding except compulsory social security totalled to ₱3,257.

Percent Distribution of Labor Cost in Financial Intermediation by Major Cost Component, Philippines: 1998



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.

Annual Labor Cost Per Employee

- In 1998, employers in financial intermediation spent ₱300,985 per employee, bulk of which went to direct wages and salaries at ₱210,278. Meanwhile, expenses for bonuses and gratuities amounted to ₱45,836 while employer's social security expenditures and other labor costs accounted to ₱30,364 and ₱14,507, respectively.
- Across specific industries, annual labor cost per employee was highest in banking institutions except central banking at ₱352,748 while the lowest was in activities auxiliary to financial intermediation at ₱175,733.
- Meanwhile, workers in banking institutions except central banking accounted for the largest proportion of annual labor cost per employee in all major cost components, while the smallest was observed in activities auxiliary to financial intermediation.

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**TABLE 1. - Percent Distribution of Labor Cost in Financial Intermediation Industry
by Major Cost Component, Philippines: 1998**

(In non-agricultural establishments employing 20 and over)

Industry Group	Total		Direct Wages and Salaries	Bonuses and Gratuities	Employer's Social Security Expenditures	Others ¹
	Amount (P M)	Percent				
Financial Intermediation	32,263	100.00	69.86	15.23	10.09	4.82
Banking Institutions except Central Banking	24,010	100.00	68.10	16.37	10.57	4.96
Non-Bank Financial Intermediation	3,449	100.00	76.62	12.19	7.30	3.88
Insurance and Pension Funding, Except Compulsory Social Security	3,257	100.00	72.11	12.15	10.64	5.10
Activities Auxiliary to Financial Intermediation	1,546	100.00	77.39	10.79	7.65	4.17

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 Financial Intermediation Industry
by Major Cost Component, Philippines: 1998**

(In pesos. In non-agricultural establishments employing 20 and over)

Industry Group	TOTAL	Direct Wages and Salaries	Bonuses and Gratuities	Employer's Social Security Expenditures	Others ¹
Financial Intermediation	300,985	210,278	45,836	30,364	14,507
Banking Institutions except Central Banking	352,748	240,233	57,739	37,285	17,491
Non-Bank Financial Intermediation	191,951	147,074	23,405	14,021	7,451
Insurance and Pension Funding, Except Compulsory Social Security	263,600	190,080	32,030	28,047	13,444
Activities Auxiliary to Financial Intermediation	175,733	135,996	18,959	13,451	7,327

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.

