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LABOR COST IN THE PHILIPPINES

(Eight of an eight-part series)



This LABSTAT is the eight issue on a series of reports that focus on labor cost based on the results of the 2002/2003 BLES Integrated Survey (BITS) conducted last year in coordination with the DOLE Regional Offices. The BITS is a nationwide survey covering 6,818 sample non-agricultural establishments with 20 or more workers that aims to generate an integrated data set on employment, labor relations, labor cost and occupational safety in the workplace as basis for policy and program formulation.

This issue looks into the components of other labor cost across industries for the years 1998 (from the 1998 Labor Cost Survey) and 2002 (from the BITS). These are cost for work clothes; protective gear; transport of workers; traveling cost; recruitment cost and others. Specific industry details can be accessed at the BLES Website.

Other Labor Costs Per Employee Almost Doubled in 2002

Employers incurred other labor costs amounting to ₱2,585 per employee in 2002. Across industries, it was highest in other community, social and personal service activities at ₱5,671 and in mining and quarrying at ₱5,226. This was followed by other labor costs incurred in financial intermediation at ₱4,649 and in utilities at ₱4,645. Least was in private health and social work (₱741) and in real estate, renting and business activities (₱787).

In 1998, other labor costs were highest in mining and quarrying (₱5,802) and lowest in private education services (₱340). (Table 1)

By specific cost component, the highest in 2002 was for transport of workers at ₱989 (38.3% of total per employee) and other labor costs n.e.c. at ₱821. Meanwhile, least cost was incurred for recruitment at ₱109.

In 1998, employers spent most for work clothes/protective gear at ₱678 per employee and transport of workers at ₱475 per employee. Annual recruitment and other labor costs n.e.c. per employee was likewise the lowest at less than ₱100.

Work Clothes/Protective gear Highest in Mining and Quarrying

In 2002, the provision of work clothes/protective gear cost employers in mining and quarrying ₱3,876. Hotels and restaurants incurred ₱2,109. In the rest of the industries, it ranged from ₱214 in construction to ₱1,498 in financial intermediation.

In 1998, per capita expenditures were highest in financial intermediation at ₱ 2,543; transport, storage and communications at ₱1,641 and electricity, gas and water supply at ₱ 1,495. Construction had the least at ₱212.

Transport of Workers Highest in Utilities

In 2002, employers in electricity, gas and water supply had the highest annual per employee cost on transport of workers at ₱1,766. Second highest was ₱1,654 reported in manufacturing, followed by ₱1,338 in mining and quarrying. The lowest stood at ₱40 in private health and social work.

In 1998, cost on transport of workers was highest at ₱5,554 in mining and quarrying. Elsewhere, it ranged from ₱50 in private education services to ₱1,048 in utilities.

Recruitment Cost Highest in Trade Establishments

In 2002, employers of trade establishments posted the highest annual per employee recruitment cost at ₱257, followed by those in transport, storage and communications at ₱187. Least cost was incurred in mining and quarrying at ₱11.

In 1998, recruitment costs were relatively low ranging only from ₱6 in electricity, gas and water supply to ₱68 in private health and social work.

Other Community, Social and Personal Service Activities With Highest Other Labor Costs, N.E.C.

Estimated at ₱ 4,349, other community, social and personal service activities recorded the highest annual per employee other labor costs, n.e.c. Cost in other industries lagged behind with the highest at ₱2,537 in financial intermediation and the lowest at ₱19 for hotels and restaurants.

In 1998, other labor costs, n.e.c were reported only in manufacturing, financial intermediation and private education services.

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**TABLE 1- ANNUAL OTHER LABOR COSTS PER EMPLOYEE IN NON-AGRICULTURAL ESTABLISHMENTS EMPLOYING 20 AND OVER,
PHILIPPINES: 1998 AND 2002**

(In Pesos.)

Major Industry Group	Total		Cost of Work Clothes/Protective gear		Transport of Workers		1998 Travelling Cost ¹	Recruitment Cost		Other Labor Costs n.e.c.	
	1998	2002	1998	2002	1998	2002		1998	2002	1998	2002
Total	1,317	2,585	678	666	475	989	134.0	26	109	4	821
Mining and Quarrying	5,802	5,226	220	3,876	5,554	1,338	0	27	11	0	-
Manufacturing	1,304	3,524	515	550	696	1,654	61.0	21	91	11	1,229
Electricity, Gas and Water Supply	2,584	4,645	1,495	1,130	1,048	1,766	35.0	6	53	0	1,696
Construction	524	1,238	212	214	287	551	0	25	59	0	415
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	1,003	1,337	470	314	258	716	249.0	25	257	0	51
Hotels and Restaurants	790	2,291	621	2,109	53	129	103.0	13	34	0	19
Transport, Storage and Communications	2,143	2,245	1,641	811	370	1,121	100.0	31	187	0	125
Financial Intermediation	3,948	4,649	2,543	1,498	381	542	997.0	21	72	5	2,537
Real Estate, Renting and Business Activities	891	787	345	257	369	300	123.0	53	67	0	163
Private Education Services	340	805	253	287	50	196	10.0	27	47	1	276
Private Health and Social Work	650	741	451	391	131	40	0	68	99	0	211
Other Community, Social and Personal Service Activities	1,261	5,671	782	689	306	597	140.0	33	36	0	4,349

¹ No data reported for 2002.

Source of data: Bureau of Labor and Employment Statistics, 2002/2003 BLES Integrated Survey and 1998 Labor Cost Survey.