

LABOR COST IN THE PHILIPPINES

(Fourth of an eight-part series)

This LABSTAT is the fourth 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 focuses on the average share of labor cost to total cost across employment sizes in **manufacturing** establishments.*

Labor Cost Accounts for One-fifth of Total Cost in Manufacturing

Labor cost accounted for 21.1 percent of total cost in non-agricultural establishments in 2002. In manufacturing industries, on the other hand, it summed up to 20.1 percent of total cost.

Across specific manufacturing industries, labor cost accounted for around one-third of total cost in the manufacture of tobacco products (30.1 %); articles of bamboo, cane and rattan (34.3%); other transport equipment (32.2 %) and recycling (30.0 %).

In contrast, it constituted no more than 10 percent in tanning, dressing of leather, manufacture of luggage and handbag (8.5 %) and manufacture of rubber products (9.0 %).



In the rest of the manufacturing industries, it varied from 10.1 to 26.1 percent.

Labor Cost Share Generally Higher in Large Establishments

Generally, the percent share of labor cost to total cost is lower for establishments with fewer workers and vice-versa. In manufacturing, it was 19 percent for those with 20-99 workers; 21.8 percent for those with 100-199 workers and 23.5 percent for those with 200 or more workers.

Among establishments with 20-99 workers, labor cost share of less than 10 percent were noted in tanning and dressing of leather; manufacture of luggage and handbags; manufacture of rubber products and manufacture of electrical machinery and apparatus. Its share was highest or at least one-third of total cost in manufacture of articles of bamboo, cane, rattan and the like, plaiting materials and manufacture of radio, television and communication equipment.

In establishments with 100-199 workers, the share ranged from 5.5 percent in manufacture of articles of bamboo, cane, rattan and the like, plaiting materials to 34.5 percent in manufacture of tobacco products.

The share also varied among the large establishments or those with at least 200 workers with its lowest at no more than 13 percent each in manufacture of paper and paper products, and manufacture of office, accounting and computing machinery. Higher shares of at least 30 percent were estimated in manufacture of tobacco products; manufacture of wood, wood products and cork, except furniture; manufacture of machinery and equipment and; manufacture of other transport equipment.

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TABLE 1 – AVERAGE SHARE OF LABOR COST TO TOTAL COST IN MANUFACTURING ESTABLISHMENTS EMPLOYING 20 AND OVER BY INDUSTRY GROUP AND EMPLOYMENT SIZE, PHILIPPINES: 2002

Industry Group	All Sizes	20-99	100-199	200 and Over
All Non-Agricultural Industries	21.1	20.1	23.7	25.6
Manufacturing	20.1	19.0	21.8	23.5
Manufacture of Food Products	16.7	14.7	21.3	21.9
Manufacture of Beverages	14.6	10.7	17.1	21.9
Manufacture of Tobacco Products	30.1	22.9	34.5	31.4
Manufacture of Textiles	22.5	22.2	20.0	25.2
Manufacture of Wearing Apparel	22.9	20.9	28.2	26.9
Tanning and Dressing of Leather; Manufacture of Luggage and Handbags	8.5	6.0	17.0	29.7
Manufacture of Footwear	15.6	14.4	18.7	25.4
Manufacture of Articles of Bamboo, Cane, Rattan and the Like; Plaiting Materials	34.3	34.5	5.5	-
Manufacture of Wood, Wood Products and Cork; Except Furniture	25.7	24.5	12.0	30.6
Manufacture of Paper and Paper Products	21.2	21.8	21.6	12.7
Publishing, Printing and Reproduction of Recorded Media	23.0	22.8	23.5	27.0
Manufacture of Coke, Refined Petroleum and Other Fuel Products	*	*	*	*
Manufacture of Chemical and Chemical Products	14.5	13.1	19.0	22.3
Manufacture of Rubber Products	9.0	8.2	10.3	16.2
Manufacture of Plastic Products	17.6	16.5	22.1	16.5
Manufacture of Glass and Glass Products	20.0	18.3	17.0	24.5
Manufacture of Cement	21.1	24.5	24.5	15.5
Manufacture of Other Non-Metallic Mineral Products n.e.c.	24.3	24.5	18.3	28.4
Manufacture of Basic Metals	18.4	14.7	24.6	19.6
Manufacture of Fabricated Metals	25.0	25.9	21.3	22.9
Manufacture of Machinery and Equipment	16.7	15.3	18.5	32.7
Manufacture of Office, Accounting and Computing Machinery	12.8	14.5	10.0	12.6

* Suppressed data.

TABLE 1 – AVERAGE SHARE OF LABOR COST TO TOTAL COST IN MANUFACTURING ESTABLISHMENTS EMPLOYING 20 AND OVER BY INDUSTRY GROUP AND EMPLOYMENT SIZE, PHILIPPINES: 2002 (cont'd)

Industry Group	All Sizes	20-99	100-199	200 and Over
Machinery of Electrical Machinery and Apparatus	10.1	8.2	22.6	20.2
Manufacture of Radio, Television and Communication Equipment	26.1	33.7	16.8	19.2
Manufacture of Medical, Precision and Optical Instruments	25.4	28.2	33.1	19.6
Manufacture of Motor Vehicles, Trailers and Semi-Trailers	14.7	14.2	14.5	17.2
Manufacture of Other Transport Equipment	32.2	29.5	33.5	31.1
Manufacture and Repair of Furniture	24.3	25.6	16.4	25.5
Recycling	30.0	30.0	-	-
Manufacturing n.e.c	25.5	19.7	25.3	27.7

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