



## Wage Practices in the Services Sector: 2006

*(Fifth of a five-part series on Industrial Relations Practices)*

In 2006, the Bureau of Labor and Employment Statistics (BLES) conducted the third round of the BLES Integrated Survey (BITS) in coordination with the DOLE Regional Offices. Initially conducted in 2003, the BITS is a nationwide survey covering 7,630 non-agricultural sample establishments employing 20 or more workers. The main objective of the 2006 BITS is to generate an integrated data set on occupational employment patterns and wage and compensation practices.

This issue of LABSTAT Updates focuses on the wage practices in the services sector which consists of the following sub-sectors: wholesale and retail trade; repair of motor vehicles, motorcycles, personal and household goods; hotels and restaurants; transport, storage and communications; financial intermediation; real estate, renting and business services; private education services, health and social work except public health services; and other community, social and personal service activities. Specifically, it presents the method used in fixing or revising wages and salaries, basis of wage payment, mode of payment and method of fixing COLA.

### Method Used in Fixing or Revising Wages and Salaries

Majority of the establishments in the services sector set the salaries and wages of managers/executives (51.6% to 59.1%) and supervisors/foremen (41.7% to 52.0%) based on the decision of the employer. (Table 1)

Minimum wage issuances of Regional Tripartite Wage and Productivity Boards (RTWPBs) served as basis in the setting of wages of managers (13.1% in financial intermediation and business services to 24.2% in hotels and restaurants).

The RTWPB issuances were likewise utilized in the setting of

wages of supervisors/foremen (1 out of every 3 establishments) in wholesale and retail trade; repair of motor vehicles, motorcycles, personal and household goods; hotels and restaurants; transport, storage and communications; and health and social work except public health services.

Productivity-based pay schemes were also adopted in the fixing of wages of managers and supervisors in 1 out of every 5 establishments in financial intermediation, and 1 out of every 12 establishments in real estate, renting and business services; and community, social and personal service activities.

Wage Orders of RTWPBs were also the basis in fixing or revising the salaries and wages of regular rank and file employees in 3 out of every 5 establishments in wholesale and retail trade, repair of motor vehicles, motorcycles, personal and household goods; hotels and restaurants; and health and social work except public health services; and 1 out of every 2 establishments in transport, storage and communications; and real estate, renting and business services.

In some establishments however, it is still the employers that decide on the setting of wages of regular (20.9% to 35.5%) and non-regular (14.2% to 34.6%) rank and file employees.

The use of productivity-based schemes in the fixing of wages of regular and non-regular workers was reported highest in financial intermediation at 14.2% and 12.0%, respectively.

**Basis of Wage Payment**

In majority of the establishments, salaries and wages of managers/executives (91.0% in hotel and restaurants to 97.9% in financial intermediation) and foremen and supervisors (80.0% in wholesale and retail, repair of motor vehicles, motorcycles, personal and household goods to 97.7% in financial intermediation) were monthly-based. (Table 2)



The same was observed for regular rank and file employees

except in hotels and restaurants where wages were computed on daily basis in 2 out every 5 establishments.

For non-regular rank and file employees, wage payment was more on a daily and monthly basis in wholesale and retail trade (61.7% and 29.3%); transport, storage and communications (42.9% and 42.3%); real estate, renting and business services (41.2% and 48.9%); health and social work except public health services (45.4% and 48.7%); and other community, social and personal service activities (34.1% and 57.1%). It was only in hotels and restaurants where payment was more on hourly (51.4%) and daily basis (35.9%).

**Mode of Payment**

On the payment of wages to workers, most establishments showed preference for fortnightly (twice a month) mode. This was observed for all the sub-sectors and all occupational categories.

**Percent Distribution of Non-Agricultural Establishments Employing 20 or More Workers (Services Sector) by Mode of Payment and Occupational Category, Philippines: June 2006**

| Mode of Payment | Managers/ Executives | Supervisors/ Foremen | Rank and File |             |
|-----------------|----------------------|----------------------|---------------|-------------|
|                 |                      |                      | Regular       | Non-Regular |
| TOTAL           | 100.0                | 100.0                | 100.0         | 100.0       |
| Daily           | 0.2                  | 0.8                  | 2.9           | 6.8         |
| Weekly          | 2.0                  | 3.3                  | 8.9           | 12.4        |
| Fortnightly     | 75.8                 | 77.0                 | 73.2          | 68.9        |
| Monthly         | 22.1                 | 18.9                 | 15.0          | 11.8        |

Source of data: BLES, 2006 BITS.

**Method Used in Fixing COLA**

The fixing or revision of COLA among managers/executives, foremen/supervisors is primarily

decided by employer or based on wage issuances of RTWPBs. Similarly, these issuances were also used as basis in the fixing of cost of living allowance of regular and non-regular rank and file employees in the sector.

**Percent Distribution of Non-Agricultural Establishments Employing 20 or More Workers (Services Sector) Granting COLA by Method Used in Fixing COLA and Occupational Category, Philippines: June 2006**

| Method of Fixing COLA                                      | Managers/ Executives | Supervisors/ Foremen | Rank and File |             |
|--|----------------------|----------------------|---------------|-------------|
|  |                      |                      | Regular       | Non-Regular |
| TOTAL  | 100.0                | 100.0                | 100.0         | 100.0       |
| Collective Bargaining Agreements                           | NAP                  | 1.3                  | 3.8           | 1.2         |
| Individual Agreement between Employer and Employee         | 13.4                 | 10.8                 | 4.4           | 3.5         |
| Employer's Decision  | 48.5                 | 41.9                 | 24.1          | 19.2        |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs | 33.1                 | 40.7                 | 52.7          | 73.5        |
| Productivity-based Pay Schemes                             | 3.5                  | 3.8                  | 13.8          | 1.4         |
| Others   | 1.5                  | 1.5                  | 1.1           | 1.4         |

Source of data: BLES, 2006 BITS.

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**TABLE 1- Number and Percent Distribution of Non-Agricultural Establishments Employing 20 or More Workers (Services Sector) by Method Used in Fixing or Revising Wages and Salaries, Occupational Category and Sub-Sector, Philippines: June 2006**

| METHOD USED IN FIXING OR REVISING WAGES AND SALARIES AND SUB-SECTOR                                    | Managers/ Executives |              | Supervisors/ Foremen |              | Rank and File |              |              |              |
|--|----------------------|--------------|----------------------|--------------|---------------|--------------|--------------|--------------|
|  | No.                  | %            | No.                  | %            | Regular       |              | Non-Regular  |              |
|  |                      |              |                      |              | No.           | %            | No.          | %            |
| <b>Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods</b> | <b>5,100</b>         | <b>100.0</b> | <b>4,693</b>         | <b>100.0</b> | <b>5,421</b>  | <b>100.0</b> | <b>3,863</b> | <b>100.0</b> |
| Collective Bargaining Agreements   | <i>NAP</i>           | <i>NAP</i>   | 70                   | 1.5          | 352           | 6.5          | 54           | 1.4          |
| Individual Agreement between Employer and Employee   | 1,018                | 20.0         | 668                  | 14.2         | 294           | 5.4          | 240          | 6.2          |
| Employer's Decision  | 2,695                | 52.8         | 2,078                | 44.3         | 1,244         | 22.9         | 764          | 19.8         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs   | 1,045                | 20.5         | 1,479                | 31.5         | 3,223         | 59.5         | 2,624        | 67.9         |
| Productivity-based Pay Schemes   | 289                  | 5.7          | 345                  | 7.4          | 264           | 4.9          | 145          | 3.8          |
| Others   | 54                   | 1.1          | 53                   | 1.1          | 45            | 0.8          | 36           | 0.9          |
| <b>Hotels and Restaurants</b>  | <b>3,008</b>         | <b>100.0</b> | <b>2,277</b>         | <b>100.0</b> | <b>3,069</b>  | <b>100.0</b> | <b>2,640</b> | <b>100.0</b> |
| Collective Bargaining Agreements   | <i>NAP</i>           | <i>NAP</i>   | 60                   | 2.6          | 236           | 7.7          | 2            | 0.1          |
| Individual Agreement between Employer and Employee   | 576                  | 19.1         | 411                  | 18.1         | 160           | 5.2          | 113          | 4.3          |
| Employer's Decision  | 1,562                | 51.9         | 1,008                | 44.3         | 641           | 20.9         | 374          | 14.2         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs   | 727                  | 24.2         | 702                  | 30.8         | 1,943         | 63.3         | 2,083        | 78.9         |
| Productivity-based Pay Schemes   | 114                  | 3.8          | 96                   | 4.2          | 79            | 2.6          | 57           | 2.2          |
| Others   | 30                   | 1.0          | -                    | -            | 11            | 0.4          | 11           | 0.4          |
| <b>Transport, Storage and Communications</b>   | <b>1,386</b>         | <b>100.0</b> | <b>1,234</b>         | <b>100.0</b> | <b>1,410</b>  | <b>100.0</b> | <b>938</b>   | <b>100.0</b> |
| Collective Bargaining Agreements   | <i>NAP</i>           | <i>NAP</i>   | 38                   | 3.1          | 155           | 11.0         | 16           | 1.7          |
| Individual Agreement between Employer and Employee   | 347                  | 25.0         | 207                  | 16.8         | 95            | 6.7          | 105          | 11.2         |
| Employer's Decision  | 728                  | 52.5         | 514                  | 41.7         | 355           | 25.2         | 235          | 25.1         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs   | 239                  | 17.2         | 350                  | 28.4         | 679           | 48.2         | 528          | 56.3         |
| Productivity-based Pay Schemes   | 59                   | 4.3          | 113                  | 9.2          | 100           | 7.1          | 51           | 5.4          |
| Others   | 13                   | 0.9          | 11                   | 0.9          | 25            | 1.8          | 3            | 0.3          |
| <b>Financial Intermediation</b>  | <b>1,059</b>         | <b>100.0</b> | <b>950</b>           | <b>100.0</b> | <b>1,074</b>  | <b>100.0</b> | <b>661</b>   | <b>100.0</b> |
| Collective Bargaining Agreements   | <i>NAP</i>           | <i>NAP</i>   | 22                   | 2.3          | 193           | 18.0         | 19           | 2.9          |
| Individual Agreement between Employer and Employee   | 88                   | 8.3          | 59                   | 6.2          | 30            | 2.8          | 14           | 2.1          |
| Employer's Decision  | 556                  | 52.5         | 473                  | 49.8         | 293           | 27.3         | 155          | 23.4         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs   | 139                  | 13.1         | 138                  | 14.5         | 350           | 32.6         | 349          | 52.8         |
| Productivity-based Pay Schemes   | 219                  | 20.7         | 214                  | 22.5         | 152           | 14.2         | 79           | 12.0         |
| Others   | 59                   | 5.6          | 45                   | 4.7          | 56            | 5.2          | 45           | 6.8          |
| <b>Real Estate, Renting and Business Services</b>  | <b>2,458</b>         | <b>100.0</b> | <b>2,367</b>         | <b>100.0</b> | <b>2,498</b>  | <b>100.0</b> | <b>1,929</b> | <b>100.0</b> |
| Collective Bargaining Agreements   | <i>NAP</i>           | <i>NAP</i>   | 5                    | 0.2          | 23            | 0.9          | 1            | 0.1          |
| Individual Agreement between Employer and Employee   | 537                  | 21.8         | 425                  | 18.0         | 254           | 10.2         | 146          | 7.6          |
| Employer's Decision  | 1,335                | 54.3         | 1,231                | 52.0         | 740           | 29.6         | 507          | 26.3         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs   | 360                  | 14.6         | 455                  | 19.2         | 1,222         | 48.9         | 1,102        | 57.1         |
| Productivity-based Pay Schemes   | 182                  | 7.4          | 216                  | 9.1          | 213           | 8.5          | 160          | 8.3          |
| Others   | 44                   | 1.8          | 36                   | 1.5          | 46            | 1.8          | 14           | 0.7          |

**TABLE 1- Number and Percent Distribution of Non-Agricultural Establishments Employing 20 or More Workers (Services Sector) by Method Used in Fixing or Revising Wages and Salaries, Occupational Category and Sub-Sector, Philippines: June 2006 (Continued)**

| METHOD USED IN FIXING OR REVISING WAGES AND SALARIES AND SUB-SECTOR | Managers/ Executives |              | Supervisors/ Foremen |              | Rank and File |              |              |              |
|---|----------------------|--------------|----------------------|--------------|---------------|--------------|--------------|--------------|
|   | No.                  | %            | No.                  | %            | Regular       |              | Non-Regular  |              |
|   |                      |              |                      |              | No.           | %            | No.          | %            |
| <b>Private Education Services</b>                                   | <b>2,400</b>         | <b>100.0</b> | <b>1,919</b>         | <b>100.0</b> | <b>2,591</b>  | <b>100.0</b> | <b>1,874</b> | <b>100.0</b> |
| Collective Bargaining Agreements                                    | <i>NAP</i>           | <i>NAP</i>   | 15                   | 0.8          | 103           | 4.0          | 13           | 0.7          |
| Individual Agreement between Employer and Employee                  | 464                  | 19.3         | 336                  | 17.5         | 328           | 12.7         | 182          | 9.7          |
| Employer's Decision   | 1,238                | 51.6         | 898                  | 46.8         | 920           | 35.5         | 648          | 34.6         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs          | 404                  | 16.8         | 368                  | 19.2         | 889           | 34.3         | 779          | 41.6         |
| Productivity-based Pay Schemes                                      | 119                  | 5.0          | 127                  | 6.6          | 152           | 5.9          | 109          | 5.8          |
| Others  | 175                  | 7.3          | 176                  | 9.2          | 198           | 7.6          | 143          | 7.6          |
| <b>Health and Social Work Except Public Health Services</b>         | <b>559</b>           | <b>100.0</b> | <b>555</b>           | <b>100.0</b> | <b>611</b>    | <b>100.0</b> | <b>526</b>   | <b>100.0</b> |
| Collective Bargaining Agreements                                    | <i>NAP</i>           | <i>NAP</i>   | 7                    | 1.3          | 36            | 5.9          | 6            | 1.1          |
| Individual Agreement between Employer and Employee                  | 120                  | 21.5         | 87                   | 15.7         | 68            | 11.1         | 51           | 9.7          |
| Employer's Decision   | 311                  | 55.6         | 265                  | 47.7         | 121           | 19.8         | 132          | 25.1         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs          | 115                  | 20.6         | 172                  | 31.0         | 377           | 61.7         | 333          | 63.3         |
| Productivity-based Pay Schemes                                      | 12                   | 2.1          | 20                   | 3.6          | 7             | 1.1          | 2            | 0.4          |
| Others  | 2                    | 0.4          | 3                    | 0.5          | 1             | 0.2          | 2            | 0.4          |
| <b>Other Community, Social and Personal Service Activities</b>      | <b>704</b>           | <b>100.0</b> | <b>598</b>           | <b>100.0</b> | <b>730</b>    | <b>100.0</b> | <b>522</b>   | <b>100.0</b> |
| Collective Bargaining Agreements                                    | <i>NAP</i>           | <i>NAP</i>   | 5                    | 0.8          | 57            | 7.8          | 3            | 0.6          |
| Individual Agreement between Employer and Employee                  | 79                   | 11.2         | 86                   | 14.4         | 46            | 6.3          | 30           | 5.7          |
| Employer's Decision   | 416                  | 59.1         | 296                  | 49.5         | 256           | 35.1         | 147          | 28.2         |
| Wage Restructuring due to Minimum Wage Issuances of RTWPBs          | 146                  | 20.7         | 151                  | 25.3         | 318           | 43.6         | 330          | 63.2         |
| Productivity-based Pay Schemes                                      | 55                   | 7.8          | 52                   | 8.7          | 48            | 6.6          | 6            | 1.1          |
| Others  | 7                    | 1.0          | 7                    | 1.2          | 6             | 0.8          | 6            | 1.1          |

Note: Details may not add to totals due to rounding.

NAP Not applicable

Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

**TABLE 2 – Number and Percent Distribution of Non-Agricultural Establishments Employing 20 or More Workers (Services Sector) by Basis of Wage Payment, Occupational Category and Sub-Sector, Philippines: June 2006**

| BASIS OF WAGE PAYMENT AND SUB-SECTOR   | Managers/ Executives |              | Supervisors/ Foremen |              | Rank and File |              |              |              |
|--|----------------------|--------------|----------------------|--------------|---------------|--------------|--------------|--------------|
|  |                      |              |                      |              | Regular       |              | Non-Regular  |              |
|  | No.                  | %            | No.                  | %            | No.           | %            | No.          | %            |
| <b>Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods</b> | <b>5,100</b>         | <b>100.0</b> | <b>4,693</b>         | <b>100.0</b> | <b>5,421</b>  | <b>100.0</b> | <b>3,863</b> | <b>100.0</b> |
| Hourly   | 5                    | 0.1          | 5                    | 0.1          | 35            | 0.6          | 72           | 1.9          |
| Daily  | 301                  | 5.9          | 783                  | 16.7         | 2,272         | 41.9         | 2,383        | 61.7         |
| Weekly   | 63                   | 1.2          | 144                  | 3.1          | 355           | 6.6          | 259          | 6.7          |
| Monthly  | 4,727                | 92.7         | 3,757                | 80.0         | 2,732         | 50.4         | 1,131        | 29.3         |
| Output/Piece-rate  | 4                    | 0.1          | 4                    | 0.1          | 26            | 0.5          | 18           | 0.5          |
| <b>Hotels and Restaurants</b>  | <b>3,008</b>         | <b>100.0</b> | <b>2,277</b>         | <b>100.0</b> | <b>3,069</b>  | <b>100.0</b> | <b>2,640</b> | <b>100.0</b> |
| Hourly   | 25                   | 0.8          | 69                   | 3.0          | 819           | 26.7         | 1,356        | 51.4         |
| Daily  | 225                  | 7.5          | 312                  | 13.7         | 1,289         | 42.0         | 949          | 35.9         |
| Weekly   | 22                   | 0.7          | 22                   | 1.0          | 12            | 0.4          | 12           | 0.5          |
| Monthly  | 2,737                | 91.0         | 1,874                | 82.3         | 949           | 30.9         | 323          | 12.2         |
| Output/Piece-rate  | -                    | -            | -                    | -            | -             | -            | -            | -            |
| <b>Transport, Storage and Communications</b>   | <b>1,386</b>         | <b>100.0</b> | <b>1,234</b>         | <b>100.0</b> | <b>1,410</b>  | <b>100.0</b> | <b>938</b>   | <b>100.0</b> |
| Hourly   | -                    | -            | 1                    | 0.1          | 16            | 1.2          | 23           | 2.4          |
| Daily  | 81                   | 5.8          | 145                  | 11.8         | 418           | 29.7         | 402          | 42.9         |
| Weekly   | 14                   | 1.0          | 17                   | 1.4          | 47            | 3.3          | 40           | 4.3          |
| Monthly  | 1,292                | 93.2         | 1,069                | 86.6         | 905           | 64.2         | 396          | 42.3         |
| Output/Piece-rate  | -                    | -            | 1                    | 0.1          | 24            | 1.7          | 76           | 8.1          |
| <b>Financial Intermediation</b>  | <b>1,059</b>         | <b>100.0</b> | <b>950</b>           | <b>100.0</b> | <b>1,074</b>  | <b>100.0</b> | <b>661</b>   | <b>100.0</b> |
| Hourly   | -                    | -            | -                    | -            | -             | -            | 18           | 2.8          |
| Daily  | 22                   | 2.1          | 10                   | 1.1          | 52            | 4.8          | 186          | 28.2         |
| Weekly   | -                    | -            | 11                   | 1.2          | -             | -            | 11           | 1.7          |
| Monthly  | 1,037                | 97.9         | 928                  | 97.7         | 1,022         | 95.1         | 445          | 67.4         |
| Output/Piece-rate  | -                    | -            | -                    | -            | -             | -            | -            | -            |
| <b>Real Estate, Renting and Business Services</b>  | <b>2,458</b>         | <b>100.0</b> | <b>2,367</b>         | <b>100.0</b> | <b>2,498</b>  | <b>100.0</b> | <b>1,929</b> | <b>100.0</b> |
| Hourly   | 5                    | 0.2          | 14                   | 0.6          | 48            | 1.9          | 69           | 3.6          |
| Daily  | 45                   | 1.8          | 173                  | 7.3          | 489           | 19.6         | 794          | 41.2         |
| Weekly   | 25                   | 1.0          | 39                   | 1.6          | 58            | 2.3          | 84           | 4.4          |
| Monthly  | 2,360                | 96.0         | 2,127                | 89.9         | 1,879         | 75.2         | 943          | 48.9         |
| Output/Piece-rate  | 23                   | 0.9          | 14                   | 0.6          | 25            | 1.0          | 40           | 2.1          |
| <b>Private Education Services</b>  | <b>2,400</b>         | <b>100.0</b> | <b>1,919</b>         | <b>100.0</b> | <b>2,591</b>  | <b>100.0</b> | <b>1,874</b> | <b>100.0</b> |
| Hourly   | 10                   | 0.4          | 3                    | 0.2          | 47            | 1.8          | 249          | 13.3         |
| Daily  | 101                  | 4.2          | 109                  | 5.7          | 167           | 6.5          | 373          | 19.9         |
| Weekly   | -                    | -            | -                    | -            | 12            | 0.5          | 17           | 0.9          |
| Monthly  | 2,290                | 95.4         | 1,796                | 93.6         | 2,363         | 91.2         | 1,214        | 64.8         |
| Output/Piece-rate  | -                    | -            | 11                   | 0.6          | 1             | 0.0          | 21           | 1.1          |
| <b>Health and Social Work Except Public Health Services</b>  | <b>559</b>           | <b>100.0</b> | <b>555</b>           | <b>100.0</b> | <b>611</b>    | <b>100.0</b> | <b>526</b>   | <b>100.0</b> |
| Hourly   | -                    | -            | -                    | -            | -             | -            | 1            | 0.2          |
| Daily  | 14                   | 2.5          | 51                   | 9.2          | 120           | 19.6         | 239          | 45.4         |
| Weekly   | 3                    | 0.5          | -                    | -            | 14            | 2.3          | 20           | 3.7          |
| Monthly  | 543                  | 97.0         | 493                  | 88.9         | 477           | 78.1         | 256          | 48.7         |
| Output/Piece-rate  | -                    | -            | 10                   | 1.8          | -             | -            | 10           | 1.9          |
| <b>Other Community, Social and Personal Service Activities</b>   | <b>704</b>           | <b>100.0</b> | <b>598</b>           | <b>100.0</b> | <b>730</b>    | <b>100.0</b> | <b>522</b>   | <b>100.0</b> |
| Hourly   | -                    | -            | -                    | -            | -             | -            | 14           | 2.6          |
| Daily  | 14                   | 1.9          | 51                   | 8.5          | 192           | 26.3         | 178          | 34.1         |
| Weekly   | -                    | -            | -                    | -            | 16            | 2.2          | 7            | 1.4          |
| Monthly  | 678                  | 96.2         | 534                  | 89.3         | 509           | 69.8         | 298          | 57.1         |
| Output/Piece-rate  | 13                   | 1.8          | 13                   | 2.1          | 13            | 1.7          | 25           | 4.9          |

Note: Details may not add to totals due to rounding.

Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.