

## Wage Fixing Practices and Compensation Schemes in Unionized and Non-Unionized Establishments in 2006: A Comparison

*In 2006, the Bureau of Labor and Employment Statistics (BLES) in coordination with the DOLE Regional Offices conducted the third round of the BLES Integrated Survey (BITS) covering 7,630 non-agricultural establishments employing 20 or more workers nationwide. The main objective of the survey 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 fixing practices in unionized and non-unionized establishments in all sectors. It also presents the various compensation schemes – paid leave benefits, social security schemes, health care benefits and incentive schemes provided to workers.*

In 2006, establishments with union were estimated at 12.1% (3,067) of the total 25,349 non-agricultural establishments with at least 20 workers. CBA-covered establishments accounted for 11.7% of the total.

### Machinery for Fixing or Revising Wages and Salaries

In most establishments with union, the employers decide on the wages of managers (59.9%) and supervisors (40.2%). Collective bargaining agreements primarily served as basis in wage setting for regular rank and file employees (79.4%) while wage issuances of Regional Tripartite Wage and Productivity Boards (RTWPBs) were used largely in fixing wages of non-regular rank and file workers (71.4%).  
**(Table 1)**

Among establishments without union, a large proportion claimed that employers also decide the wages of managers (53.1%) and supervisors (46.2%) while more than half relied on minimum wage issuances of the RTWPBs for revising wages of regular

(54.6%) and non-regular (60.6%) rank and file employees.

### Method Used in Fixing COLA

About half (49.2%) of the unionized establishments revised the Cost of Living Allowance (COLA) of managers based on the employer's decision. Among supervisors, it was either through wage issuances of RTWPBs (37.5%) or on the decision of the employer (33.0%). Wage orders also served as basis in fixing COLA of non-regular rank and file employees in 4 out of every 5 establishments while nearly half (46.2%) of the establishments with union determined COLA of regular employees through their respective CBA.

In non-unionized establishments, employer's decision was the most popular method in fixing COLA of managers (48.4%) and supervisors (41.8%). Almost the same proportion (40.3%) also relied on Wage Orders of RTWPB in determining COLA of supervisors. Wage Orders are likewise adopted in the setting of COLA of

regular (61.3%) and non-regular (71.4%) rank and file workers in majority of the establishments without union.

**Compensation Schemes Provided**

**Paid Leave Benefits**

Non-agricultural establishments with union granted various types of leave benefits to workers. Notably, more than 85.0 percent of the unionized establishments provided the following benefits: sick leave (98.0%), vacation leave (97.0%), maternity leave (85.9%) and paternity leave (90.5%). These four types of leave benefits also rank the highest among non-unionized establishments but to a lesser extent, ranging from 68.5% to 86.8%. **(Table 2)**

**TABLE 2 – Percent Share of Unionized and Non-Unionized Establishments Employing 20 or More Workers With Paid Leave Benefits by Type of Benefit, Philippines: June 2006**

Paid Leave Benefit	With Union	Without Union
<b>Total Establishments</b>	3,067	21,771
Sick Leave	98.0	84.6
Vacation Leave	97.0	86.8
Paternity Leave	90.5	68.5
Maternity Leave	85.9	78.0
Union Leave	48.7	NAP
Bereavement Leave	45.6	16.8
Emergency Leave	38.7	19.7
Bereavement Leave	45.6	16.8
Birthday Leave	24.9	13.2
Calamity Leave	10.0	3.1
Marriage Leave	7.6	6.6
Study Leave	6.3	2.7
Solo Parent Leave	1.7	0.7
Special Privilege Leave	1.7	0.5
Service Incentive Leave	1.4	4.8
Rehabilitation Leave	0.9	0.1

Source of data: 2006 BLES Integrated Survey.

Only few of the establishments with and without union provided solo parent leave (1.7% and 0.7%) which is mandated by law similar to maternity and paternity leave.

**Health Care Benefits**

First aid treatment, annual physical check-up, medical care, hospitalization assistance and dental care topped the list of health care benefits provided to

managers, supervisors and rank and file employees in both unionized and non-unionized establishments. **(Table 3)**

**TABLE 3 – Percent Share of Unionized and Non-Unionized Establishments Employing 20 or More Workers With Health Care Benefits by Type of Benefit and Occupational Category, Philippines: June 2006**

Health Care Benefit	Total Estabs.	Mgrs	Sprvs	Rank & File
<b>With Union</b>				
Physical Check-up	2,116	78.1	77.5	76.7
First Aid Treatment	2,132	78.0	78.3	77.3
Medical Care	2,063	76.1	73.9	74.7
Dental Care	1,878	68.9	67.6	68.0
Hospitalization	1,913	68.6	67.9	69.7
Medicine Allowance	1,375	50.6	49.9	49.7
Laboratory Exam	1,094	40.3	40.0	39.8
Vision Care	994	36.4	36.3	36.2
Optical Assistance	904	32.8	32.1	33.0
<b>Without Union</b>				
Medical Care	11,806	70.5	68.6	68.4
Physical Check-up	9,928	60.2	59.4	58.0
First Aid Treatment	10,245	60.1	60.9	60.3
Hospitalization	8,901	52.6	52.4	52.2
Dental Care	6,463	39.4	37.7	37.8
Medicine Allowance	4,746	28.2	28.6	27.9
Laboratory Exam	4,177	25.4	25.5	24.4
Vision Care	3,936	23.8	23.8	22.9
Optical Assistance	2,917	18.0	17.8	17.0

Source of data: 2006 BLES Integrated Survey.

Only few of the establishments with union (3 out of 10) and without union (1 out of 5) provided optical assistance to their managers, supervisors and rank and file employees.

**Social Security Schemes**

Results showed that almost all establishments with union (99.0%) and without union (97.9%) adhered to the implementation of compulsory social security schemes, e.g., SSS, GSIS, EC, Philhealth and PAG-IBIG. Similarly, more establishments with union provided various social security benefits to their workers than those without union as shown in Table 4.

Foremost among unionized establishments (3 out of every 4) was the provision of retirement plan and separation pay. These schemes were provided only in 1 out of every 2 establishments without union.

**TABLE 4 – Percent Share of Unionized and Non-Unionized Establishments Employing 20 or More Workers With Social Security Schemes by Type of Scheme, Philippines: June 2006**

Social Security Schemes	With Union		Without Union	
	No.	%	No.	%
<b>Total</b>	3,067	100.0	22,209	100.0
Compulsory Social Security Scheme	3,037	99.0	21,735	97.9
Separation Pay	2,271	74.0	11,372	51.2
Retirement Plan	2,277	74.2	9,536	42.9
Medical and Health Insurance	1,547	50.4	8,380	37.7
Accident Insurance	1,405	45.8	7,286	32.8
Hospitalization Plan	1,267	41.3	4,128	18.6
Life Insurance	1,105	36.0	4,180	18.8
Pension Plan	216	7.2	1,510	6.8

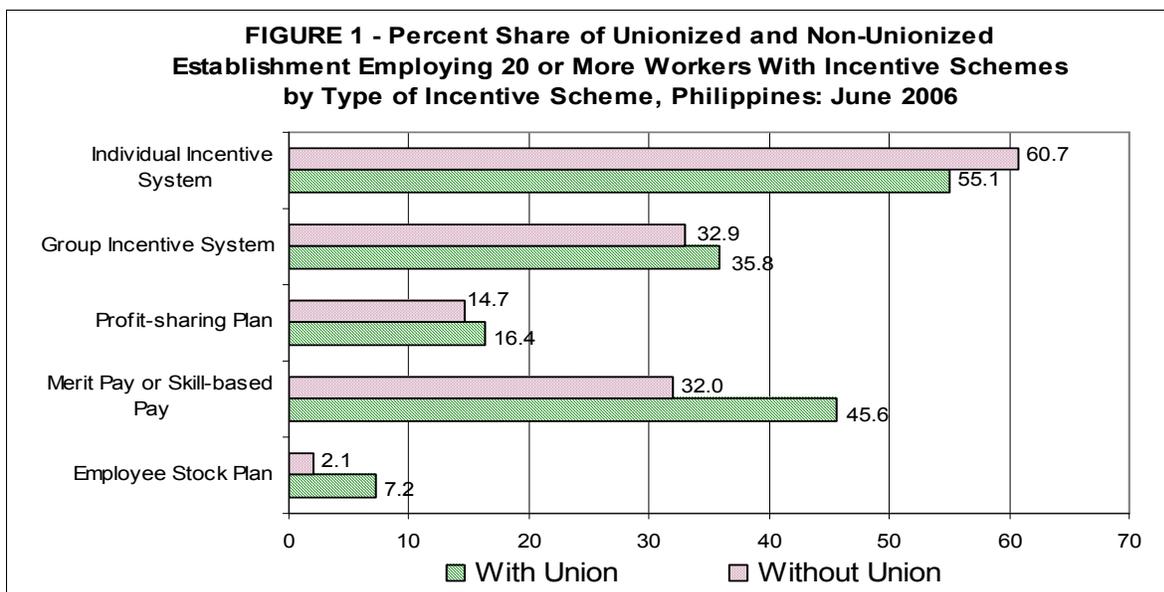
Source of data: 2006 BLES Integrated Survey.

### Incentive Schemes

Unionized and non-unionized establishments also have incentive schemes to motivate their employees. The most popular was individual incentive scheme adopted by more than half of the establishments with union (55.1%) and without union (60.7%). This scheme was given to employees on the basis of individual output or performance, e.g., bonuses and

commissions. Other schemes implemented by an almost the same proportion of unionized and non-unionized establishments were group incentive schemes (35.8% and 32.9%) which are rewarded based on employees’ performance, e.g., productivity or quality gain sharing; and profit sharing plan (16.4% and 14.7%) where employees receive a share in the profits of the establishment. Merit pay or skill-based pay however, was adopted by most establishments with union (1 out of every 2) than those without union (2 out of every 5). This scheme is granted to individuals who demonstrate superior qualities or expertise that come from training or practice. **(Figure 1)**

Employee stock plan granted either through purchase of stocks or stocks option transfer was the least popular with only 7.2% in establishments with union and 2.1% in establishments without union.



Source of data: 2006 BLES Integrated Survey.

**FOR INQUIRIES:**

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**TABLE 1 – Number and Percent Share of Unionized and Non-Unionized Establishments Employing 20 or More Workers by Selected Wage Practices and Occupational Group, Philippines: June 2006**

Indicator	Managers/ Executives		Supervisors/ Foremen		Regular		Non-Regular	
	No.	%	No.	%	No.	%	No.	%
<b>Method Used in Revising/Fixing Wages</b>								
<b>With Union</b>	<b>2,944</b>	<b>100.0</b>	<b>2,825</b>	<b>100.0</b>	<b>3,056</b>	<b>100.0</b>	<b>2,137</b>	<b>100.0</b>
Collective Bargaining Agreement	<i>NAP</i>	-	528	18.7	2,425	79.4	238	11.1
Individual Agreement between Employer and Employee	515	17.5	366	13.0	23	0.8	76	3.6
Employer's Decision	1,764	59.9	1,135	40.2	128	4.2	201	9.4
Wage Restructuring due to Minimum Wage issuances of RTWPBs	358	12.2	509	18.0	379	12.4	1,526	71.4
Productivity-based Schemes	167	5.7	165	5.8	38	1.2	39	1.8
Others	140	4.8	121	4.3	63	2.1	58	2.7
<b>Without Union</b>	<b>20,962</b>	<b>100.0</b>	<b>19,092</b>	<b>100.0</b>	<b>22,054</b>	<b>100.0</b>	<b>16,416</b>	<b>100.0</b>
Collective Bargaining Agreement	<i>NAP</i>	-	-	-	-	-	-	-
Individual Agreement between Employer and Employee	4,243	20.2	3,311	17.3	1,949	8.8	1,265	7.7
Employer's Decision	11,130	53.1	8,825	46.2	6,112	27.7	3,902	23.8
Wage Restructuring due to Minimum Wage issuances of RTWPBs	3,861	18.4	5,036	26.4	12,051	54.6	9,955	60.6
Productivity-based Schemes	1,209	5.8	1,441	7.5	1,392	6.3	968	5.9
Others	520	2.5	479	2.5	548	2.5	326	2.0
<b>Method Used in Fixing COLA</b>								
<b>With Union</b>	<b>1,801</b>	<b>100.0</b>	<b>1,873</b>	<b>100.0</b>	<b>2,195</b>	<b>100.0</b>	<b>1,269</b>	<b>100.0</b>
Collective Bargaining Agreement	<i>NAP</i>	-	254	13.6	1,013	46.2	127	10.0
Individual Agreement between Employer and Employee	284	15.8	194	10.4	29	1.3	7	0.6
Employer's Decision	886	49.2	619	33.0	186	8.5	89	7.0
Wage Restructuring due to Minimum Wage issuances of RTWPBs	503	27.9	703	37.5	888	40.5	990	78.0
Productivity-based Schemes	59	3.3	28	1.5	7	0.3	7	0.6
Others	69	3.8	75	4.0	72	3.3	49	3.9
<b>Without Union</b>	<b>12,458</b>	<b>100.0</b>	<b>12,196</b>	<b>100.0</b>	<b>15,101</b>	<b>100.0</b>	<b>9,156</b>	<b>100.0</b>
Collective Bargaining Agreement	<i>NAP</i>	-	<i>NAP</i>	-	<i>NAP</i>	-	<i>NAP</i>	-
Individual Agreement between Employer and Employee	1,843	14.8	1,531	12.6	936	6.2	348	3.8
Employer's Decision	6,027	48.4	5,092	41.8	4,254	28.2	1,895	20.7
Wage Restructuring due to Minimum Wage issuances of RTWPBs	3,975	31.9	4,911	40.3	9,254	61.3	6,535	71.4
Productivity-based Schemes	414	3.3	486	4.0	454	3.0	269	2.9
Others	199	1.6	177	1.5	203	1.3	109	1.2

*NAP – not applicable.*

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