

I. ABOUT THE DATA

A. OBJECTIVE/S OF THE SURVEY

The Labor Cost Survey (LCS) aims to compile statistics to measure the level and composition of labor cost in the country.

B. MAIN TOPICS COVERED BY THE SURVEY

Main topics covered by the survey are the levels and composition of labor cost.

C. REFERENCE PERIOD

The reference period is the calendar year.

D. PERIODICITY (FREQUENCY)

Every 4 years.

E. COVERAGE OF THE SURVEY

Geographical: The whole country.

Industrial: Non-agricultural industries except national postal activities, central banking, public administration and defense and compulsory social security, public education services, public medical, dental and other health services, activities of membership organizations, extra territorial organizations and bodies.

Establishments: Non-agricultural establishments employing 20 persons or more.

Persons: Employees.

F. CONCEPTS AND DEFINITIONS

Establishment: an economic unit engaged in one or predominantly one kind of economic activity under a single ownership or control at a single fixed location, e.g. mine, factory, store, bank, restaurant. For multi-unit enterprises with different outlets and subsidiaries or whose activities are located at different locations, each branch, outlet or subsidiary is considered an establishment. For firms engaged in activities which may be physically dispersed such as mining, construction, real estate development, transportation, communication, insurance, etc., the establishment is the base from which personnel operate to carry out their activities or from which they are paid.

Labor Cost: defined as including:

Direct Wages and Salaries In Cash - payment for normal/regular working time; commissions and share in service charges of employees; overtime, night shift and premium pay; payments under bonus, productivity and other incentive schemes made on a monthly or more frequent basis; cost of living allowances and other guaranteed and regularly paid allowances;

Remuneration for Time Not Worked - payments for vacation, sick, regular holidays/rest days/special days, maternity, paternity, service incentive leave and other paid leaves;

Bonuses and Gratuities - 13th month pay, year-end, seasonal and similar one-time payments made at annual or longer intervals; profit sharing bonuses; additional payments in respect of vacation supplementary to normal vacation pay;

Food, Drink, Fuel and Other Payments in Kind - refer to goods and services, valued at producer's or wholesale prices given to workers as part of their remuneration; these exclude general amenities provided by the employer such as imputed rental value of free/subsidized housing, medical services, and canteen and other welfare services and facilities;

Cost of Workers' Housing Shouldered by Employer - cost for establishment-owned dwellings and cost for dwellings not owned by establishment and other housing costs;

Employer's Social Security Expenditures - compulsory social security contributions; collectively agreed and non-obligatory contributions to private social security schemes and pensions; direct payments by employer to employees regarded as social security benefits; cost of medical care and health services; retirement and separation/termination pay;

Cost of Training - actual training expenses incurred by the employer on behalf of its employees; it includes net cost i.e. maintenance expenditures, fees, property taxes, insurance, interest, depreciation and other costs, less grants-in aid, tax rebates, subsidies, etc. received from government and other institutions in respect of establishment-owned building and equipment used for training of its employees; it includes fees, salaries and other payments for services of outside instructors, payments made to outside training institutions on behalf of the workers and the reimbursement of school fees to workers, etc.; it excludes capital investment on building, equipment or land made during the year and labor cost of training personnel employed by the establishment;

Cost of Welfare Services - actual welfare expenses other than for housing, medical care and health and training incurred by the employer on behalf of its employees; it includes net cost i.e. maintenance expenditures, fees, property taxes, insurance, interest, depreciation and other costs, less grants-in aid, tax rebates, subsidies, etc. received from government and other institutions in respect of establishment-owned building and equipment used for welfare of employees such as canteens, cultural, educational, recreational and related facilities and services; it include grants to credit unions and cost of related services to employees; it excludes capital investments on building, equipment or land made during the year and labor cost of personnel employed by the establishment in the provision of welfare services; and

Other Labor Costs - working clothes/uniforms, transport of workers, travelling costs, recruitment, etc.

Employees: Include salaried directors, managers and executives; full-time, part-time, casual, contractual, seasonal, piece-rate workers and project-based employees; paid apprentices and trainees; persons on paid vacation, sick, maternity, paternity, service incentive leave and other paid leaves; persons working away from the establishment but paid by and under its control; and workers on strike.

Hours Actually Worked and/or Paid For: include normal/regular hours of work; overtime; time spent at the place of work such as the preparation of workplace, repairs, maintenance, preparation and cleaning of tools, preparation of receipts, time sheets and reports; time spent at the place of work waiting or standing by for reasons such as lack of supply of work, breakdown of machinery or accident, or time during which no work is done but for which payment is made; time corresponding to lunch/meal breaks of less than one hour and to short rest periods at the workplace including tea and coffee breaks/meriendas; and paid hours spent away from work (due to vacation and sick leaves; regular holidays and paid rest days/special days; maternity and paternity leaves; service incentive leave and other paid leaves); and travel time in connection with employer's business.

G. UNIT/S OF MEASUREMENT

In pesos for labor cost and percentages for the cost structure.

H. CLASSIFICATIONS

Geographical: The geographic classification is based on the 1996 Philippine Standard Geographic Classification (PSGC).

Industrial: The industry classification is based on the 1994 Philippine Standard Industrial Classification (PSIC). It was patterned after the International Standard Industrial Classification (ISIC), Rev. 3 of the United Nations, up to the 4-digit level, but with modifications to suit national situations and circumstances.

Employment size: The classification of establishments according to employment size is based on the average total employment, e.g. 20-49, 50-199 and 200 and over.

Others: Data are classified according to labor cost component.

I. SAMPLING DESIGN

Statistical unit: The statistical unit is the establishment. Each unit is classified to an industry that reflects its main economic activity---the activity that contributes the biggest or major portion of the gross income or revenues of the establishment.

Survey universe/Sample frame: The sampling frame used for the survey was taken from the List of Establishments of the National Statistics Office. On a partial basis, this is regularly updated based on the responses to other surveys of the BLES, establishment reports on retrenchments and closures submitted to the Regional Offices of the Department of Labor and Employment and other establishment lists.

Sample design: Establishments are stratified by 3-digit industry level (except for industries observed to be heterogeneous within their 3-digit level and therefore requires further breakdown at the 4-digit classification) and by employment size. Geographical location was not considered in the stratification since some components of labor cost may not be available specific to a sample establishment that is a branch of a parent company or head office.

The sampling formula used to determine the sample size of an industry group in each size category was based on establishment population; the estimated variance of labor cost and the expected coefficient of variation of average labor cost. The sample size for each cell was adjusted to build-in replacement, e.g. sample size divided by 0.8 as expected retrieval rate is 80 percent.

Sample size: For 1998 LCS, the sample size was 7,562, of which 5,537 were found to be eligible sampling units.

J. FIELD WORK

Data collection: The survey is conducted in coordination with the Regional Offices of the Department of Labor and Employment. On a project basis, employees are hired to personally deliver and retrieve the questionnaires from the establishments. In some instances, questionnaires are mailed to establishments in less accessible or conflict prone areas, in which case a self-addressed envelope is provided. The establishments may also submit the accomplished questionnaires through fax. Delivery of questionnaires starts in July of the year after the reference year and retrieval will commence after all questionnaires have been delivered or within 20 working days from delivery to an establishment or on a date agreed upon by the contact person and the enumerator. The basic data originate from the payroll and related records of establishments.

Survey questionnaire: The questionnaire is made up of several parts, i.e. *Cover page* - contains information on the purpose of the survey, coverage, reference period, collection authority, authorized field personnel, confidentiality clause, due date, availability of results and assistance available;

Part A: General Information - inquires on the main economic activity, major product/s, goods or services, number of employees, number of working owners, managerial staff remunerated predominantly by a share of profits and unpaid workers, hours actually worked and/or paid for;

Part B Data on Labor Cost - inquires on the cost incurred in the employment of labor and its details; and

Part C: Certification Portion - this space is provided for the respondent's comments or suggestions on the survey and for the name and signature, position, date accomplished and telephone/fax numbers and e-mail address of the person responsible for filling out the form. This portion also includes the names of personnel involved in collection, editing and review of each questionnaire and dates when the activities were completed.

Substitution of sampling units: There is no substitution of sampling units.

K. DATA PROCESSING AND EDITING

Data are manually and electronically processed. Upon collection of accomplished questionnaires, enumerators perform field editing before leaving the establishments to ensure completeness, consistency and reasonableness of entries in accordance with the field operations manual. The forms are again checked for data consistency and completeness by their field supervisors. The BLES personnel undertake the final review, coding of information based on classifications used, data entry and validation and scrutiny of aggregated results for coherence. Questionnaires with incomplete or inconsistent entries are returned to the establishments for verification, personally or through mail.

Microsoft Access is used for data encoding and generation of validation prooflists. After validation based on the prooflists and Rejection List, a conversion program using SPSS is executed to generate output tables.

L. TYPES OF ESTIMATES

- Percent distribution of labor cost by industry and cost component
- Annual labor cost per employee by industry and cost component
- Labor cost per hour by industry

The above data are also available by employment size.

M. ESTIMATION/COMPILATION METHODOLOGY

Due to the inadequacy of the frame used, during field operations there are reports of permanent closures, non-location, duplicate listing and shifts in industry and employment outside the survey coverage. Establishments that fall in these categories are not eligible elements of the population and their count is not considered in the estimation. In addition to non-response of establishments because of refusals, strikes or temporary closures, there are establishments whose questionnaires contain inconsistent item responses that are not included in the processing as these have not replied to the verification queries by the time output table generation commences. Such establishments are also considered as non-respondents.

Estimates are obtained by simple expansion, i.e. by multiplying the sample values at the cell level (industry and employment size) by the corresponding blowing-up factor which is the ratio of the eligible population of establishments to the number of responding establishments. These estimates are then aggregated to the desired totals.

To derive the labor cost per employee in each industry, the estimate for the labor cost (total or its components) is divided by the corresponding estimated number of employees. Labor cost per hour is arrived at by dividing total labor cost by the corresponding estimate of employee-hours actually worked or paid for.

N. ADJUSTMENTS

Non-response: Non-response is taken into account in the weighing procedure.

Other bias: No adjustments are made.

Use of benchmark data: No benchmark data is used.

Use of other surveys: No other survey data are used.

Seasonal variations: Not applicable.

O. INDICATORS OF THE RELIABILITY OF THE ESTIMATES

Coverage of the sampling frame: Partially updated.

Sampling error/Sampling variance: At the time of this report, these have not been computed.

Non-response rate: For 1998 LCS, the non-response rate in terms of eligible sampling units was 22.2 percent.

Non-sampling errors: These may occur due to inaccuracies in reporting by establishments and enumerators, mistakes in coding, editing and data entry. However, efforts are made to reduce non-sampling errors by careful design of the questionnaire, intensive training of survey personnel, linkages with key informants (employers' and workers' groups, government agencies and the academe) and through adoption and documentation of efficient operating procedures.

Conformity with other sources: The survey results, at the industry level and checked against the earnings data of another BLES survey, Employment, Hours and Earnings Survey.

Estimates for non -survey years: Not relevant

P. HISTORY OF THE SURVEY

While the BLES undertakes two (2) surveys – Employment, Hours and Earnings Survey (EHES) and Occupational Wages Survey (OWS) that give insights on the wage situation, these however, show trends and do not provide information on the evolution of labor cost and its various components. The 1998 LCS is the first undertaking of its kind by the Bureau.

The Labor Cost Survey (LCS) is the Bureau's response to address a gap in the wage statistics program of the country. EHES (conducted every semester) generates quarterly earnings statistics while the OWS (conducted every two years) produces data on wage rates.

Starting 2003, the LCS will no longer be conducted as an independent survey. The inquiry was incorporated in the BLES Integrated Survey of Establishments (BITS).

Q. AVAILABLE SERIES:

Data series start with 1998 as reference period.

II. DOCUMENTATION

A. PERIODICITY OF DISSEMINATION

The results of the 1998 LCS ~~are~~ were published 17-20 months after the reference period. With the integration of the inquiry in BITS, the 2002 statistics on labor cost are expected to be available by July 2004.

B. ADVANCE RELEASE CALENDAR

An advance release calendar that gives one-quarter-ahead notice of the approximate release date is posted in the BLES Homepage.

C. DISSEMINATION FORMATS

Hard Copy

- LABSTAT Digest for 1998 LCS results
- Philippine Industry Yearbook of Labor Statistics
- Yearbook of Labor Statistics
- Current Labor Statistics

Electronic

- BLES Homepage: <http://www.bles.dole.gov.ph>; <http://www.manila-online.net/bles>
- Diskette: statistical tables of the LCS
- CD-ROM: Philippine Industry Yearbook of Labor Statistics; Yearbook of Labor Statistics

III. CONFIDENTIALITY

The compilation and dissemination of the data are governed by the terms and conditions of Executive Order No. 126 (January 30, 1987) creating the Bureau of Labor and Employment Statistics.

While E.O. 126 is silent on the confidentiality of individual responses from surveys conducted by the BLES, it collects data under the pledge of confidentiality. A statement to this effect is printed in all the questionnaires of BLES surveys.