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Labor Cost in the Philippines

(Sixth of a fourteen-part series)

Last year, the Bureau of Labor and Employment Statistics undertook a nationwide Labor Cost Survey (LCS) that covered **non-agricultural establishments employing at least 20 persons**. The inquiry fills one of the important gaps in the statistical measurement of wages in the country. Thus, it supplements the other statistical undertakings that collect data on wage rates, earnings and compensation of employees.

The LCS aims to measure the level and composition of labor cost in the Philippines and the evolution of the cost components over time. The reference period of the first LCS is calendar year 1998 and the periodicity of the survey is every four (4) years. The second LCS will be conducted in 2003 with 2002 as reference year.

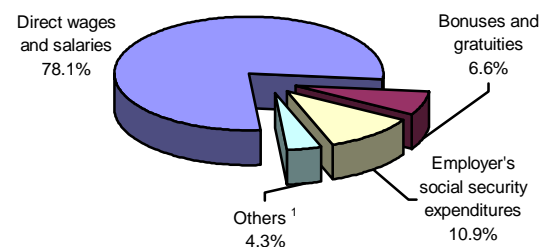
This part of the series focuses on the main labor cost components **in transport, storage and communications**. Statistics on the sub-components are available at the Bureau upon request.

Major Labor Cost Components

- A total of ₱32,495 million were spent by employers in transport, storage and communication establishments for their workers in 1998.
- Out of this total, 78.1 percent went to direct salaries; 6.6 percent were payment to bonuses and gratuities while 10.9 percent were employer's expenditures to social security of their employees.
- Direct wages and salaries in this industry ranged from 67.4 percent (*air transport*) to 89.3 percent (*supporting and auxiliary transport activities*) of the total labor cost.
- Bonuses and gratuities given by employers of transport, storage and communications to their employees

varied from 5.0 percent in the supporting and auxiliary transport activities; travel agency to 8.8 percent in water transport.

Percent Distribution of Labor Cost in Transport, Storage and Communications by Major Cost Component, Philippines: 1998



¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.

- Relative to sectoral industries, employer's expenditure to social security were noted highest in air transport at 20.3 percent followed by post and telecommunications services except national postal (9.6%) and water transport (8.7%). Supporting and auxiliary transport activities; travel agency had the lowest 3.8 percent.

Annual Labor Cost Per Employee

- In 1998, the annual labor cost per employee in transport, storage and communications amounted to ₱198,038.
- Employers annual expenditures for direct wages and salaries accounted to ₱154,716 per employee; ₱13,169

in bonuses and gratuities while the employer's social security expenditures totaled to ₱21,580 for each employee.

- Direct wages and salaries per employee was observed highest in air transport at ₱269,969 per annum, and lowest in land transport, transport via pipelines at ₱82,427.
- It is noteworthy that workers in air transport were privileged enough to receive not only the highest direct wages and salaries (₱269,969) and bonuses and gratuities (₱27,962) from their employers but also social security payments of ₱81,423 per employee. The least payment for all labor cost components were received by workers in land transport; transport via pipelines.

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TABLE 1. - Percent Distribution of Labor Cost in Transport, Storage and Communications Industry by Major Cost Component, Philippines: 1998
(In non-agricultural establishments employing 20 and over)

Industry Group	Total		Direct Wages and Salaries	Bonuses and Gratuities	Employer's Social Security Expenditures	Others ¹
	Amount (P M)	Percent				
Transport, Storage and Communications	32,495	100.00	78.12	6.65	10.90	4.33
Land Transport; Transport Via Pipelines	4,382	100.00	83.50	6.40	7.80	2.30
Water Transport	1,653	100.00	77.11	8.80	8.66	5.43
Air Transport	10,201	100.00	67.37	6.98	20.32	5.33
Supporting & Auxiliary Transport Activities; Travel Agency	9,998	100.00	89.28	5.02	3.80	1.91
Post & Telecommunications Services Except National Postal	6,260	100.00	74.35	8.33	9.64	7.69

¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.

TABLE 2. - Annual Labor Cost Per Employee in Transport, Storage and Communications Industry by Major Cost Component, Philippines: 1998
(In pesos. In non-agricultural establishments employing 20 and over)

Industry Group	TOTAL	Direct Wages and Salaries	Bonuses and Gratuities	Employer's Social Security Expenditures	Others ¹
Transport, Storage and Communications	198,038	154,716	13,169	21,580	8,573
Land Transport; Transport Via Pipelines	98,721	82,427	6,320	7,700	2,273
Water Transport	147,692	113,880	12,994	12,792	8,026
Air Transport	400,730	269,969	27,962	81,423	21,376
Supporting & Auxiliary Transport Activities; Travel Agency	205,101	183,110	10,288	7,794	3,909
Post & Telecommunications Services except National Postal	182,531	135,705	15,203	17,590	14,033

¹ Include Remuneration for time not worked; Food, drink, fuel and other payments in kind; Cost of workers' housing shouldered by employer; Cost of training; Cost of welfare services; Other costs (cost of work clothes/uniform, transport of workers, travelling expenses, recruitment cost, etc.)

Source of data: Bureau of Labor and Employment Statistics, 1998 Labor Cost Survey.