

WAGE RATES IN INDUSTRIES ... *Wage Ratios of Occupations* (Second of an 18-Part Series)

The Occupational Wages Survey (OWS) is a nationwide establishment survey of the BLES since 1989. Through the years, the survey has undergone revisions in its periodicity, scope and coverage and survey design to meet the needs of users for statistics in aid of wage and salary administration and wage determination in collective bargaining negotiations. The 2006 OWS covered non-agricultural establishments employing 20 persons or more.

The OWS is one of the designated statistical activities in E.O. 352 (s. 1996) generates critical data for decision making in the government and the private sector. The data category **average monthly occupational wage rates in selected occupations** is among those listed by the Philippine government under the Special Data Dissemination Standard (SDDS) of the International Monetary Fund. The SDDS serves as reference to member countries in the dissemination of economic and financial data to the public.

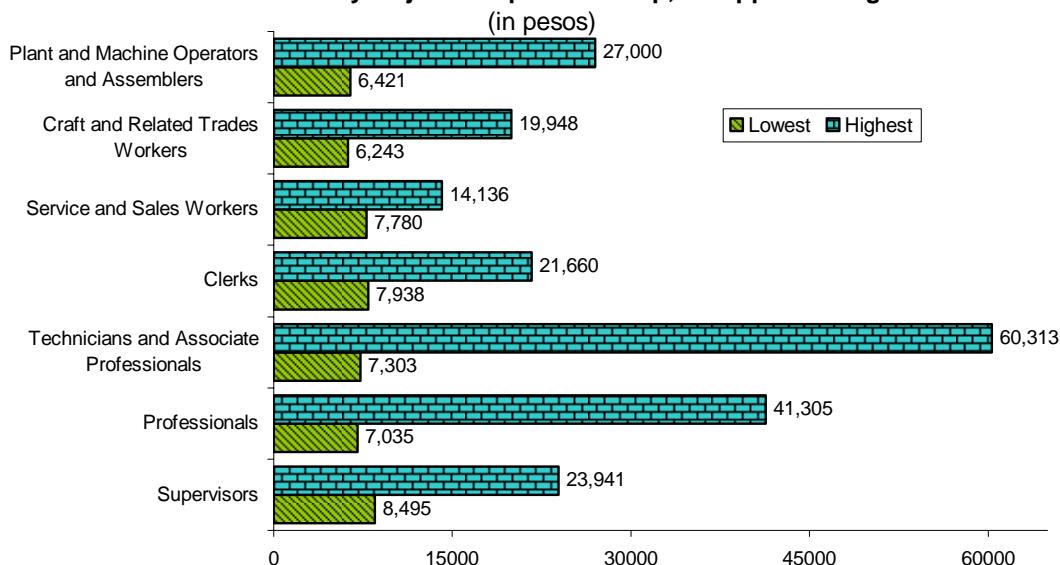
This second issue on the 2006 OWS results discusses the wage differentials (expressed in ratios) or wage variation within major occupation groups. Their wage ratios relative to unskilled workers are also shown. The rest of the series of LABSTAT Updates will focus on the wage rates in the different industries covered by the survey. The metadata and the statistical tables of the survey are posted on the BLES website.

Highest average wage rate noted in occupation group of technicians and associate professionals

Across the skilled occupations covered by the survey, the highest average monthly wage rate at ₱60,313 was recorded in the occupation group technicians and associate professionals (aircraft pilots, navigators and flight engineers in air

transport). The lowest at ₱6,243 was observed among crafts and related trades workers (miners and quarry workers in non-metallic mining). (Figure 1)

FIGURE 1 - Range of Average Monthly Wage Rates of Time-Rate Workers on Full-Time Basis by Major Occupation Group, Philippines: August 2006



Note: The lowest and highest wage rates refer to the range of averages and not to the actual lowest and highest wage rate in the occupation group.

Source of data: Bureau of Labor and Employment Statistics, Occupational Wages Survey.

Wage ratios within occupation groups varied from 1.8 to 8.3

Movements of wage rates are highly influenced by employment shifts or turnover of employees in occupations and industries, or seniority, bargaining negotiations, restructuring, etc. This means that wage rates may change not because of the changes in the value attached to an occupation, as defined by its skills and qualification requirements, but because of the interaction of these factors. For example, a bigger number of new entrants in an occupation paid at hiring/entry rates will tend to depress the average wage rate in the occupation. In the case of an establishment that implements regular incremental progression of wages on account of length of service, an occupation with more workers with longer years of service will have a higher average wage rate than an occupation whose workers are paid at entry rate or have lesser years of service even if this occupation is higher in the occupational pay structure.

The wage differentials (expressed in ratios) or wage variations **within** major occupation groups (highest wage rate compared to its lowest) are shown below. These wage rates do not pertain to all occupations in the major group but only to the

selected occupations in the selected industries.

<i>Supervisors</i>	2.8
<i>Professionals</i>	5.9
<i>Technicians and Associate Professionals</i>	8.3
<i>Clerks</i>	2.7
<i>Service and Sales Workers</i>	1.8
<i>Craft and Related Trades Workers</i>	3.2
<i>Plant and Machine Operators and Assemblers</i>	4.2

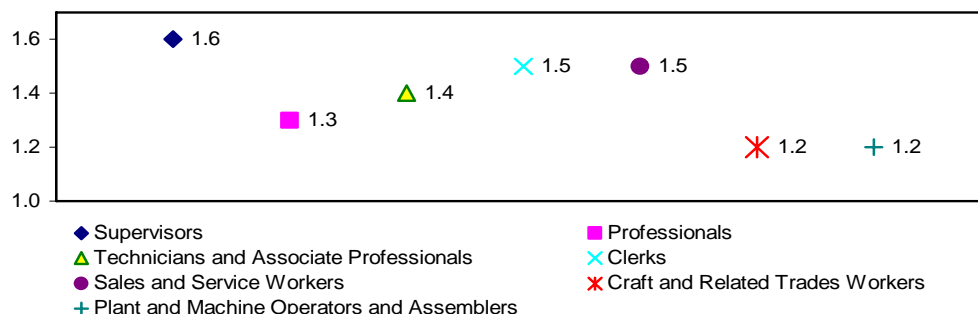
The highest within group ratio was noted in the major occupational group technicians and associate professionals at 8.3. This means that the highest average wage rate in the group is around 8 times that of its lowest. The professional group came in next with a ratio of 5.9. This is expected as there is greater variability in knowledge and skills in these two groups. The lowest within group ratio at 1.8 was in the service and sales workers group.

Slight variations relative to wage rate of unskilled workers

The wage ratios of the skilled occupation groups **relative to unskilled workers** were also analyzed. Comparisons were done across lowest wage rates to minimize to a certain extent factors,

e.g., length of service, that may influence the level of the wage rates. Wage rate of unskilled workers was used since these workers are found at the bottom of the pay structure.

FIGURE 2 - Wage Ratios of Major Occupation Groups Relative to Unskilled Wage Rate, Philippines: August 2006



Source of data: Bureau of Labor and Employment Statistics, Occupational Wages Survey.

The wage ratios varied from 1.2 to 1.6. This indicates that the lowest average wage rates in the skilled occupation groups exhibited

little wage differentials compared to the average wage rates of unskilled workers. (Figure 2)

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