

PRESS RELEASE

Highlights of the 2019/2020 Integrated Survey on Labor and Employment (ISLE) - Module on Labor Cost of Employees (LCE): 2019

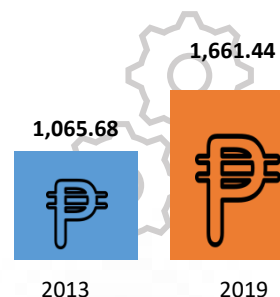
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ANNUAL LABOR COST IN ESTABLISHMENTS

- In 2019, a total of PhP1,661.44 billion comprised the annual labor cost incurred by all establishments employing 20 or more workers in the Philippines for their employees. This was higher by more than half (55.9%) of the cost amounting to PhP1,065.68 billion recorded in 2013. (Figure 1)
- Industry-wise, establishments in administrative and support service activities recorded the highest share in the total labor cost at 21.4 percent (PhP356.37 billion) followed by manufacturing at 18.5 percent (PhP306.94 billion); financial and insurance activities at 15.7 percent (PhP260.85 billion); and wholesale and retail trade; repair of motor vehicles, motorcycles at 11.6 percent (PhP192.06 billion). Other industries had shares of less than 10 percent each or with a total labor cost of PhP82.80 billion and below. (Table 2)

FIGURE 1- Annual Labor Cost in Establishment Employing 20 or More Workers, Philippines: 2013 and 2019 (In Billion Pesos)



Source of data: Philippine Statistics Authority, 2013/2014 and 2019/2020 Integrated Survey on Labor and Employment.

LABOR COST COMPONENTS

Direct Wages and Salaries

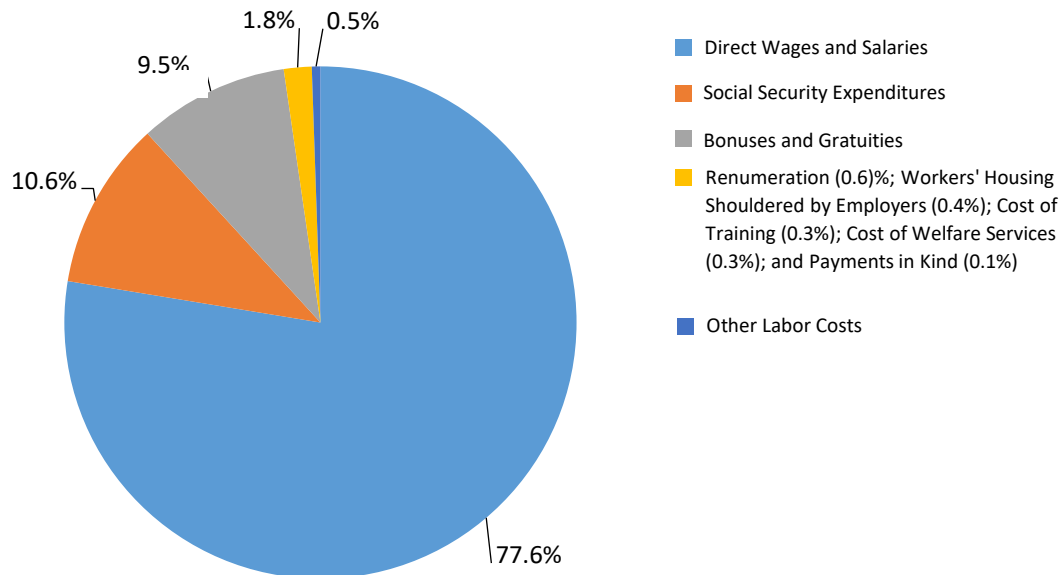
- Payments by employers to their employees before any deductions are considered as direct wages and salaries which contributed PhP1,289.09 billion of the total cost of labor in 2019. Expectedly, it is the biggest portion of the labor cost components which accounted for 77.6 percent of the total labor cost. (Figure 2 and Table 1)

Remuneration for time not worked

- This labor cost component includes payments for paid leaves (e.g., vacation, sick, maternity, paternity, service incentive, union/emergency/bereavement/burial leaves, etc.) which totalled to PhP10.32 billion or (0.6%) in 2019.



Figure 2- Percent Distribution of Labor Cost in Establishment Employing 20 or More Worker by Major Cost of Components, Philippines: 2019



Source of data: Philippine Statistics Authority, 2019/2020 Integrated Survey on Labor and Employment.

Bonuses and Gratuities

- Companies spent around PhP157.90 billion for bonuses and gratuities or 9.5 percent of the total cost during the period. The expenses in this sub-cost component included payments for year-end, seasonal and other one-time bonuses, profit sharing bonuses and additional payments in respect of vacation, supplementary to normal vacation pay.

Payments in Kind

- These are goods and services given to workers as part of their remuneration (e.g., ordinary clothing and footwear). During the survey period covered, a total of PhP2.20 billion or (0.1%) was the total amount spent by of the establishments for this cost component.

Cost of Workers' Housing Shouldered by Employers

- The cost of workers' housing provided by the establishments includes the cost for establishment-owned dwellings (maintenance expenditures, fees, property taxes, insurance and other costs) and the cost for dwellings not owned by establishment and other housing costs (e.g., housing allowances, rents, subsidies, etc.). During the period, a total of PhP7.18 billion or 0.4 percent of the total annual labor cost was spent for the provision of housing as shouldered by the employers.

Employers' social security expenditures (excluding employees' share)

- In 2019, a total of PhP176.27 billion or 10.6 percent of the total annual cost was spent for social security of employees. This cost component includes payments of compulsory social security contributions (GSIS, SSS, PhilHealth, PAG-IBIG, ECC); retirement and termination/separation pay; of medical care and health services; collectively agreed, contractual and non-obligatory contributions to private social security schemes and insurance; and direct payments to employees regarded as social security benefits.

Cost of Training

- Training expenses covering net cost of fees, salaries, and other payments/expenses during training was estimated at PhP5.12 billion or 0.3 percent of the total labor cost.

Cost of Welfare Services

- The cost of welfare services which composed of grants to credit unions, cost of canteens, educational, cultural, recreational and other related facilities and services was amounted to PhP4.38 billion or 0.3 percent of the total labor cost.

Other Labor Costs

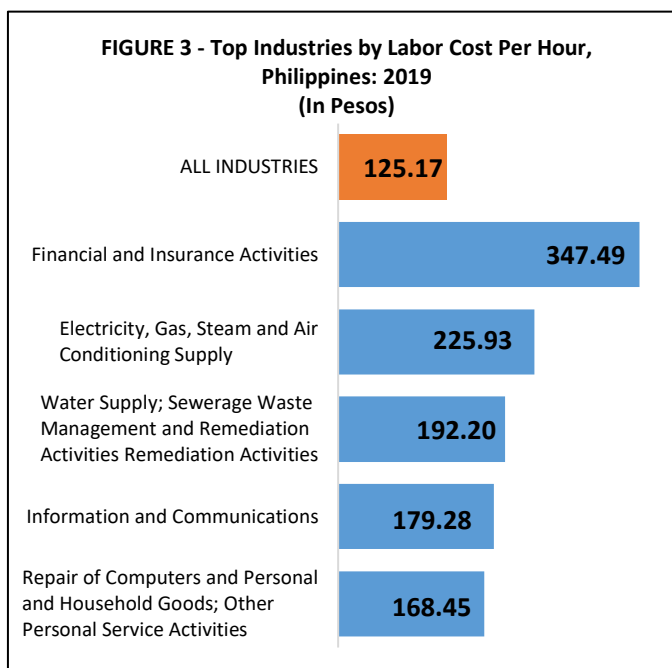
- Other expenses considered as labor costs were the cost of work clothes/protective gears, transport of workers to and from work and recruitment cost provided by the employers. This was amounted to PhP8.97 billion or 0.5 percent of the total labor cost.

ANNUAL LABOR COST PER EMPLOYEE

- The survey revealed that the annual labor cost per employee is estimated at PhP304,691 in 2019. (*Table 1*)
- Direct wages and salaries posted the highest annual labor cost at PhP236,405 per employee. This was followed by the expenses incurred by employers for social security, and bonuses and gratuities at PhP32,327 and PhP28,598, respectively.
- For the other labor cost components, employers have minimal spending from Php404 to Php1,893 per employee for the period covered.
- Across industries, financial and insurance activities recorded the highest labor cost per employee with PhP763,591. This was followed by electricity, gas, steam and air conditioning supply at PhP526,401. (*Table 2*)
- Comparatively high annual labor costs per employee were also found in water supply; sewerage waste management and remediation activities at PhP435,457; information and communication at PhP410,285; and repair of computers and personal and household goods; other personal service activities at PhP407,027.
- Remarkably, the lowest annual labor costs per employee was posted in transportation and storage at PhP197,588.

HOURLY LABOR COST

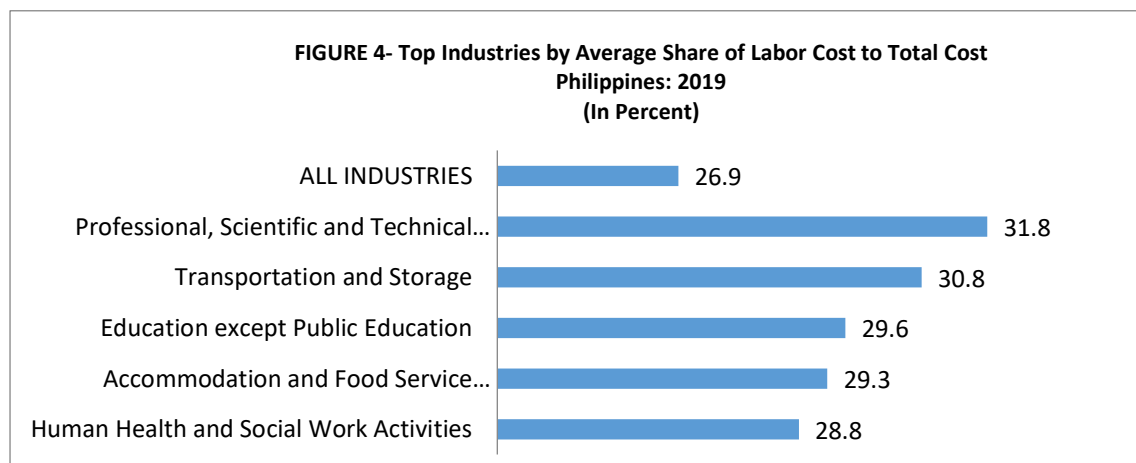
- Considering the total hours actually worked of all employees including overtime work and during holidays and rest days in all establishments covered in 2019, the labor cost was estimated at PhP125.17 per hour. (Figure 3)
- By industry, those establishments engaged in financial and insurance activities posted the highest hourly labor cost at PhP347.49. This was followed by electricity, gas, steam and air conditioning supply at PhP225.93 and water supply; sewerage waste management and remediation activities at PhP192.20 per hour.



Source of data: Philippine Statistics Authority, 2019/2020 Integrated Survey on Labor and Employment.

SHARE OF LABOR COST TO TOTAL COST

- The average labor cost as a proportion of the total cost of establishments in operating their businesses was estimated at 26.9 percent. Establishments engaged in professional, scientific and technical activities had the highest percent share of labor cost relative to their total cost at 31.8 percent. Transportation and storage likewise recorded a high percent share of 30.8 percent. On the other hand, the lowest share of labor cost to total cost was recorded in mining and quarrying at 16.6 percent. (Figure 4 and Table 3)



Source of data: Philippine Statistics Authority, 2019/2020 Integrated Survey on Labor and Employment.

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National Statistician and Civil Registrar General


WAG/AAM/CSA/NMU

**TABLE 1 - Annual Labor Cost and Annual Labor Cost per Employee in Establishments Employing 20 or More Workers by Labor Cost/Sub-Cost Components , Philippines: 2019
(In Pesos)**

Labor Cost Components	Annual Labor Cost (000)	Annual Labor Cost Per Employee	Percent Share
TOTAL	1,661,439,875	304,691	100.0
Direct Wages and Salaries	1,289,087,753	236,405	77.6
Pay for Normal/Regular Working Time	1,038,838,597	190,512	62.6
Bonus, Productivity, Performance and Other Incentive Schemes	122,795,130	22,519	7.4
Overtime, Night Shift and Premium Pay	76,681,097	14,063	4.6
Cost of Living Allowances and Other Regularly Paid Allowances	30,092,231	5,519	1.8
Commissions/ Share in Service Charges	20,680,698	3,793	1.2
Remuneration for Time Not Worked	10,321,554	1,893	0.6
Bonuses and Gratuities	157,902,167	28,958	9.5
Year-End, Seasonal and Other One-Time Bonuses	145,078,517	26,606	8.7
Profit Sharing Bonuses	6,664,620	1,222	0.4
Additional Payments in Respect of Vacation, Supplementary to Normal Vacation Pay	6,159,030	1,130	0.4
Payments in Kind	2,201,332	404	0.1
Workers' Housing Shouldered by Employers	7,181,563	1,317	0.4
Cost of Establishment-Owned Dwellings	2,668,778	489	0.2
Cost of Dwellings Not Owned by Establishment and Other Housing Cost	4,512,785	828	0.3
Social Security Expenditures	176,273,084	32,327	10.6
Compulsory Social Security Expenditures	124,601,348	22,851	7.5
Collectively Agreed, Contractual and Non-Obligatory Contributions to Private Social Security Schemes and Insurance	13,223,825	2,425	0.8
Direct Payments by Employer to Employees Regarded as Social Security Benefits	2,885,191	529	0.2
Cost of Medical Care and Health Services	14,419,830	2,644	0.9
Retirement and Termination/ Separation Pay	21,142,890	3,877	1.3
Cost of Training	5,122,182	939	0.3
Cost of Welfare Services	4,380,978	803	0.3
Other Labor Costs	8,969,263	1,645	0.5
Cost of Work Clothes/Protective Gear	3,287,577	603	0.2
Transport of Workers to and from Work Undertaken by Employers	3,283,589	602	0.2
Recruitment Cost	2,398,096	440	0.1

Notes: 1. Details may not add up to totals due to rounding.

2. PSIC - Philippine Standard Industrial Classification.

Source: Philippine Statistics Authority, 2019/2020 Integrated Survey on Labor and Employment (ISLE).

Table 2 - Total Annual Labor Cost and Annual Labor Cost per Employee in Establishments Employing 20 or More workers by Major Industry Group, Philippines: 2019
(In Pesos)

2009 PSIC	Major Industry Group	Total Annual Labor Cost (000)	Annual Labor Cost per Employee	Percent Share
	ALL INDUSTRIES	1,661,439,875	304,691	100
A	Agriculture, Forestry, and Fishing	31,392,946	209,497	1.9
B	Mining and Quarrying	14,644,131	365,921	0.9
C	Manufacturing	306,941,891	274,396	18.5
D	Electricity, Gas, Steam and Air Conditioning Supply	27,408,523	526,401	1.6
E	Water Supply; Sewerage Waste Management and Remediation Activities	13,386,486	435,467	0.8
F	Construction	75,645,381	215,810	4.6
G	Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles	192,062,179	240,257	11.6
H	Transportation and Storage	39,623,699	197,588	2.4
I	Accommodation and Food Service Activities	54,437,772	225,759	3.3
J	Information and Communication	68,507,999	410,285	4.1
K	Financial and Insurance Activities	260,847,381	763,591	15.7
L	Real Estate Activities	20,788,005	356,230	1.3
M	Professional, Scientific and Technical Activities	40,752,872	382,458	2.5
N	Administrative and Support Service Activities	356,374,847	288,348	21.4
P	Education	82,801,744	266,062	5.0
Q	Human Health and Social Work Activities	46,476,310	265,175	2.8
R	Arts, Entertainment and Recreation	23,923,513	393,639	1.4
S95/S96	Repair of Computers and Personal and Household Goods; Other Personal Service Activities	5,424,197	407,027	0.3

Source: Philippine Statistics Authority, 2019/2020 Integrated Survey on Labor and Employment (ISLE).

TABLE 3 - Average Share of Labor Cost to Total Cost in Establishments Employing 20 or More Workers by Industry Group and Employment Size, Philippines: 2019
(In Percent)

2009 PSIC	INDUSTRY	All Sizes	Employment Size		
			20-99 Workers	100-199 Workers	200 workers and Over
	TOTAL	26.9	27.9	24.9	22.9
A	Agriculture, Forestry, and Fishing	20.8	19.2	27.4	23.7
B	Mining and Quarrying	16.6	17.0	11.8	17.8
C	Manufacturing	26.1	26.7	26.7	22.8
D	Electricity, Gas, Steam and Air Conditioning Supply	28.2	31.8	25.2	25.9
E	Water Supply; Sewerage Waste Management and Remediation Activities	26.3	26.2	25.5	27.8
F	Construction	23.0	21.8	22.3	25.8
G	Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles	26.3	26.9	24.7	21.8
H	Transportation and Storage	30.8	33.8	22.8	26.1
I	Accommodation and Food Service Activities	29.3	29.6	25.5	28.6
J	Information and Communications	24.3	26.1	17.7	23.3
K	Financial and Insurance Activities	26.5	28.2	27.3	17.7
L	Real Estate Activities	28.5	29.1	29.3	22.6
M	Professional, Scientific and Technical Activities	31.8	33.3	27.1	26.9
N	Administrative and Support Service Activities	25.0	27.2	25.3	22.2
P	Education except Public Education	29.6	30.6	24.4	23.1
Q	Human Health and Social Work Activities	28.8	31.3	22.8	22.9
R	Arts, Entertainment and Recreation	25.3	23.9	38.5	17.5
S95/S96	Repair of Computers and Personal and Household Goods; Other Personal Service Activities	19.3	19.2	21.5	16.2

Notes: 1. Details may not add up to totals due to rounding.

2. PSIC - Philippine Standard Industrial Classification.

Source: Philippine Statistics Authority, 2019/2020 Integrated Survey on Labor and Employment (ISLE).

Survey Information:

Labor cost statistics (LCS) is one of the basic labor and employment statistics generated and compiled by the Philippine Statistics System in the country following the major provisions of Labour Statistics Convention 160 (C160) for the International Labor Organization (ILO), to which the Philippines is a member state. The LCS intends to provide data that would address the gap in wage statistics, specifically on the evolution of labor cost and its various components.

This module on the 2019 Labor Cost of Employees (LCE) mainly inquires on the different labor costs incurred by employers in engaging the services of workers in carrying out their business operations. Consistent with the ILO definition of labor cost, the LCE generates statistics on the current structure of labor costs in the country. Specifically, the module focuses on the direct costs and indirect costs paid to employees by major industry group. Direct cost components include direct wages and salaries; bonuses and gratuities; remuneration for time not worked by employees; payments in kind; and housing shouldered by employers. Indirect costs, on the other hand, cover social security expenditures; cost of trainings; cost of welfare services; and other labor costs.

The LCE is a regular section in the ISLE but only conducted on a less frequent manner covering a period of five (5) to six (6) years. This is in consideration of the fact that based on findings the change in the structure and composition of labor cost components do not drastically change over a shorter period of time.

DEFINITION OF TERMS:

Labor cost - cost incurred by the employer in the employment of labor in a specified reference period. The statistical concept of labor cost as comprising of remuneration for work performed, payments in respect of time paid but not worked, bonuses and gratuities, the cost of food, drinks and other payments in kind, cost of workers' housing borne by employers, employers' social security expenditures, cost to the employer for vocational training, welfare services and miscellaneous items, such as transport of workers, work clothes and recruitment, together with taxes regarded as labor cost.

Direct wages and salaries - payments by employer to employees before any deductions is made in respect of taxes, contributions of employees to social security and pension schemes, life insurance premiums, union dues and other obligations of employees. These exclude payments/overhead costs which are reimbursements to employees for travel, entertainment, meals and other expenses incurred in conducting the business of the employer.

Remuneration for time not worked - payments for vacation leave, sick leave, maternity leave, paternity leave, service incentive leave, union/emergency leave, bereavement/burial leaves and other paid leaves.

Payments in kind - 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 for establishment-owned dwellings - 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

employee housing. Excluded are capital investment on building, equipment or land made during the year and labor cost of personnel employed by the establishment for maintenance and other works that are related to establishment-owned houses.

Cost of medical care and health services - medical care and health expenses (except insurance), e.g., medicines, incurred by the employer on behalf of the employees. It excludes cost of establishment-owned medical care and health facility and equipment for employees.

Cost of training - net cost of fees, salaries, and other payments for services of outside instructors, payments made to outside training institutions on behalf of the workers in the establishment and the reimbursement of school fees to workers. It excludes cost of establishment-owned training facility and equipment for employees

Cost of welfare services - grants to credit unions and related services for employees, cost of services such as canteens and other food services, educational, cultural, recreational, and related facilities and services (See definition of cost for establishment-owned dwellings).

Total cost - all expenses incurred by the establishment whether paid or payable, valued at market price. Aside from labor cost, these are costs of:

- purchased materials, supplies, fuel and electricity
- industrial and non-industrial services done by others
- costs of good for resale
- interest expenses; and
- indirect taxes

Donations and contributions, bad debts, income taxes, losses, depreciation are excluded under total cost.