

WAGE RATES IN INDUSTRIES

... Wage Differentials in Occupations (First of a four-part series)

The Occupational Wages Survey (OWS) is a nationwide establishment survey of the Bureau of Labor and Employment Statistics intended to generate statistics for wage and salary administration and minimum wage determination in collective bargaining negotiations.

The OWS is one of the designated statistical activities per E.O. 352 (s.1996) that requires the generation of critical data for decision making in the government and the private sector. The data category "average monthly occupational wage rate of selected occupations" is one of the variables 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.

The 2012 OWS covered both agricultural and non-agricultural establishments employing 20 workers and over. A total of 188 occupations were covered in the 50 pre-determined industries. This is the first time that the survey included the agriculture, forestry and fishery sector, as well as its adoption of the 2009 Philippine Standard Industrial Classification (PSIC) – the latest "classification of industries prevailing in the country based on the productive activities undertaken by establishments" as revised by the National Statistical Coordination Board/Philippine Statistical System. Changes made from the 1994 PSIC included the transfer of minor industries to other divisions/groups/classes or elevation to a division, group or class of its own.

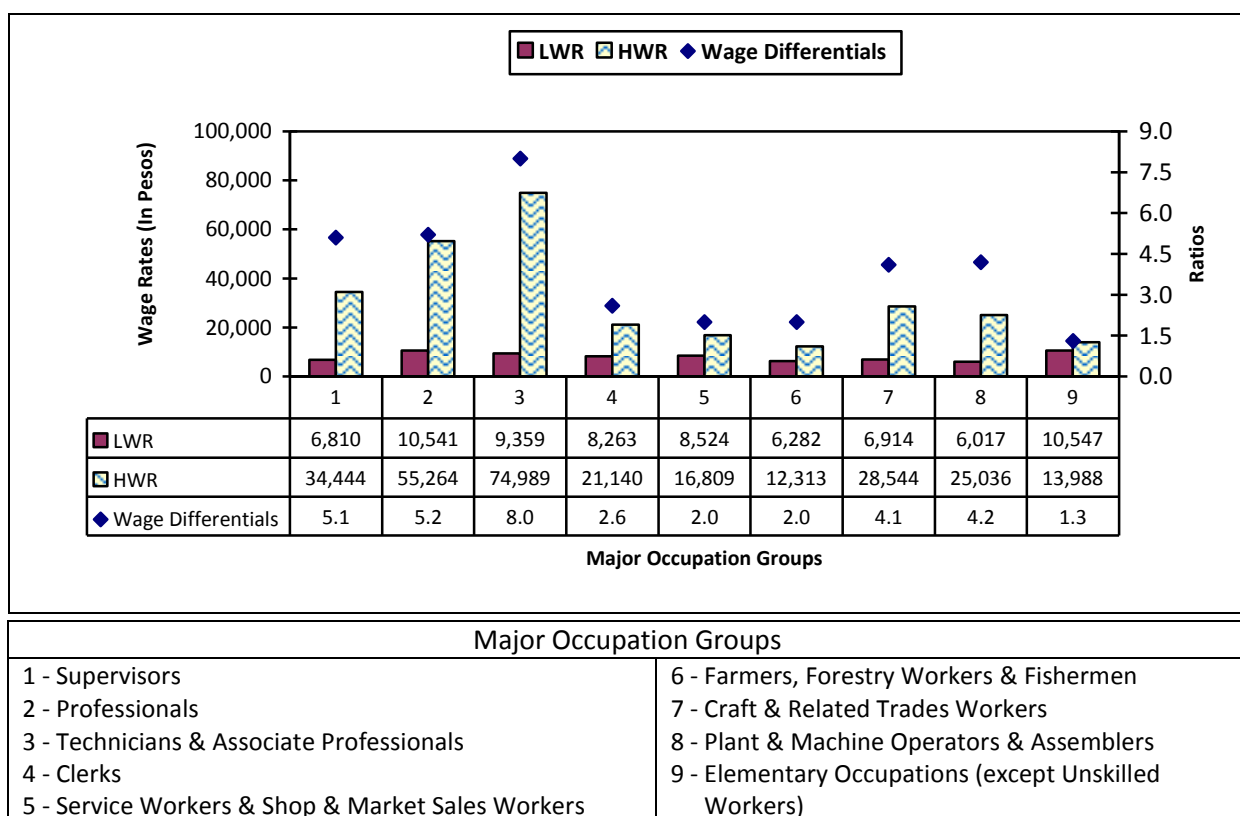
This first issue of the LABSTAT Updates presents wage differentials (expressed in ratios) or wage variations within major occupation groups and relative to wage rates of unskilled workers. Except for the two benchmark occupations covered by the survey, 1) accounting and bookkeeping clerks and 2) unskilled workers, the results were not compared with those of the 2010 survey round due to the adoption of the 2009 PSIC and the inclusion of the agricultural sector. The metadata and the statistical tables of the survey are posted at the BLES website.

Technicians and associate professionals had the highest wage differential among occupation groups

- Wage rates differ across occupations and industries caused by an interplay of several factors that include employment shifts or turnover of employees in occupations and in industries, work experience/seniority/length of service, bargaining negotiations, restructuring, among others.
- Wage differentials (expressed in ratios) within major occupation groups are computed by comparing the highest wage rate to the lowest. These wage rates refer only to the selected occupations in the selected industries.

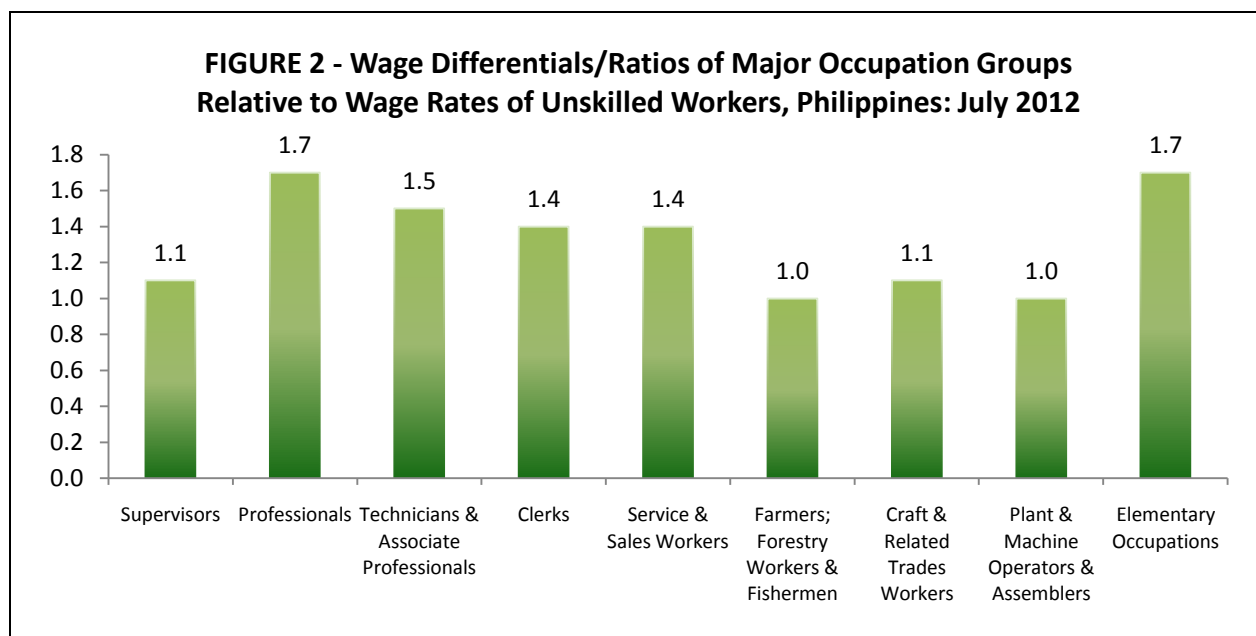
- In July 2012, wage ratios of the major occupations ranged from 1.3 (elementary occupations) to 8.0 (technicians and associate professionals). The 8.0 ratio implies that the highest average wage rate received by technicians/associate professionals is 8 times that of the lowest paid in the group. (Figure 1)
- It is worth noting that the more highly skilled workers (supervisors, professionals and technicians and associate professionals) registered higher wage ratios or wider spread than the rest of the occupation groups.

FIGURE 1 – Lowest Wage Rates (LWR), Highest Wage Rates (HWR) and Wage Differentials within Major Occupation Groups, Philippines: July 2012



Minimal wage differentials between lowest wage rates of skilled occupation groups and those of unskilled workers

- Comparing the lowest average wage rates of the major occupation groups with that of the unskilled workers, data showed very small wage differentials in July 2012. (Figure 2)
- Wage rates of the unskilled workers were used as point of reference as these are usually found at the bottom of the pay structure.
- The highest wage differential (1.7) was noted among professionals and elementary occupations.
- Meanwhile, the lowest wage rates of farmers, forestry workers and fishermen; and plant and machine operators and assemblers were almost the same as that of the unskilled workers, as they both recorded a ratio of 1.0.



***Higher wage differential among unskilled workers observed
in 2012 than in 2010***

- Wage rates of the two (2) benchmark occupations, accounting and bookkeeping clerks; and unskilled workers except janitors, messengers and freight handlers, were monitored in all industries covered by the survey.
- Wage rates of the benchmark occupations in **non-agricultural industries** in 2012 were compared with the data generated in the 2010 survey round.
- Unskilled workers recorded a 2.3 wage differential, higher than the 1.8 ratio in the last survey round. Meanwhile, the reverse was noted for the accounting and bookkeeping clerks, as the ratio declined from 2.3 in August 2010 to only 1.9 in July 2012. (*Table 2*)
- The wage rates of accounting and bookkeeping clerks were 1.6 times that of the lowest rate received by the unskilled workers, slightly higher than the 1.5 ratio registered in August 2010.

FOR INQUIRIES

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TABLE 1 – Ranges of Average Monthly Wage Rates and Wage Differentials/Ratios by Major Occupation Group, Philippines: July 2012
(Agricultural and Non-agricultural Establishments Employing 20 and Over)

Occupation Group	Range of Average Monthly Wage Rates (₱)			Wage Differential/Ratio	
				Within Group ¹	Relative to Unskilled ²
Benchmark Occupations					
Accounting and Bookkeeping Clerks	10,271	-	20,072	2.0	1.7
Unskilled Workers except Janitors, Messengers and Freight Handlers	6,104	-	16,067	2.6	1.0
Major Occupation of Selected Occupations					
Supervisors	6,810	-	34,444	5.1	1.1
Professionals	10,541	-	55,264	5.2	1.7
Technicians and Associate Professionals	9,359	-	74,989	8.0	1.5
Clerks	8,263	-	21,140	2.6	1.4
Service Workers and Shop and Market Sales Workers	8,524	-	16,809	2.0	1.4
Farmers, Forestry Workers and Fishermen	6,282	-	12,313	2.0	1.0
Craft and Related Trades Workers	6,914	-	28,544	4.1	1.1
Plant and Machine Operators and Assemblers	6,017	-	25,036	4.2	1.0
Elementary Occupations (except Unskilled Workers)	10,547	-	13,988	1.3	1.7

1 Highest wage rate divided by lowest wage rate in the occupational group.

2 Lowest wage rate in the occupational group divided by the lowest wage rate of unskilled workers.

Source of data: Bureau of Labor and Employment Statistics, 2012 Occupational Wages Survey.

TABLE 2 – Ranges of Average Monthly Wage Rates and Wage Differentials/Ratios of Benchmark Occupations, Philippines: August 2010 and July 2012
(Non-agricultural Establishments Employing 20 and Over)

Benchmark Occupations	Range of Average Monthly Wage Rates (₱)	Wage Differential/Ratio		
		Within Group ¹	Relative to Unskilled ²	
August 2010				
Accounting and Bookkeeping Clerks	9,408 - 21,177	2.3	1.5	
Unskilled Workers except Janitors, Messengers and Freight Handlers	6,380 - 11,480	1.8	1.0	
July 2012				
Accounting and Bookkeeping Clerks	10,671 - 20,072	1.9	1.6	
Unskilled Workers except Janitors, Messengers and Freight Handlers	6,870 - 16,067	2.3	1.0	

1 Highest wage rate divided by lowest wage rate in the occupational group.

2 Lowest wage rate in the occupational group divided by the lowest wage rate of unskilled workers.

Sources of data: Bureau of Labor and Employment Statistics, 2010 and 2012 Occupational Wages Survey.