

WAGE RATES IN INDUSTRIES

...A comparison of the average daily wage rates of unskilled workers and the minimum wage rates in non-agriculture

(Last 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 conducted every two years.

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 last issue of the LABSTAT Updates compares the average daily wage rates of unskilled workers except janitors, messengers and freight handlers; and the minimum wage rates (highest in the region) prescribed by the Regional Tripartite Wage and Productivity Boards in non-agriculture. The metadata and the statistical tables of the survey are posted at the BLES website.

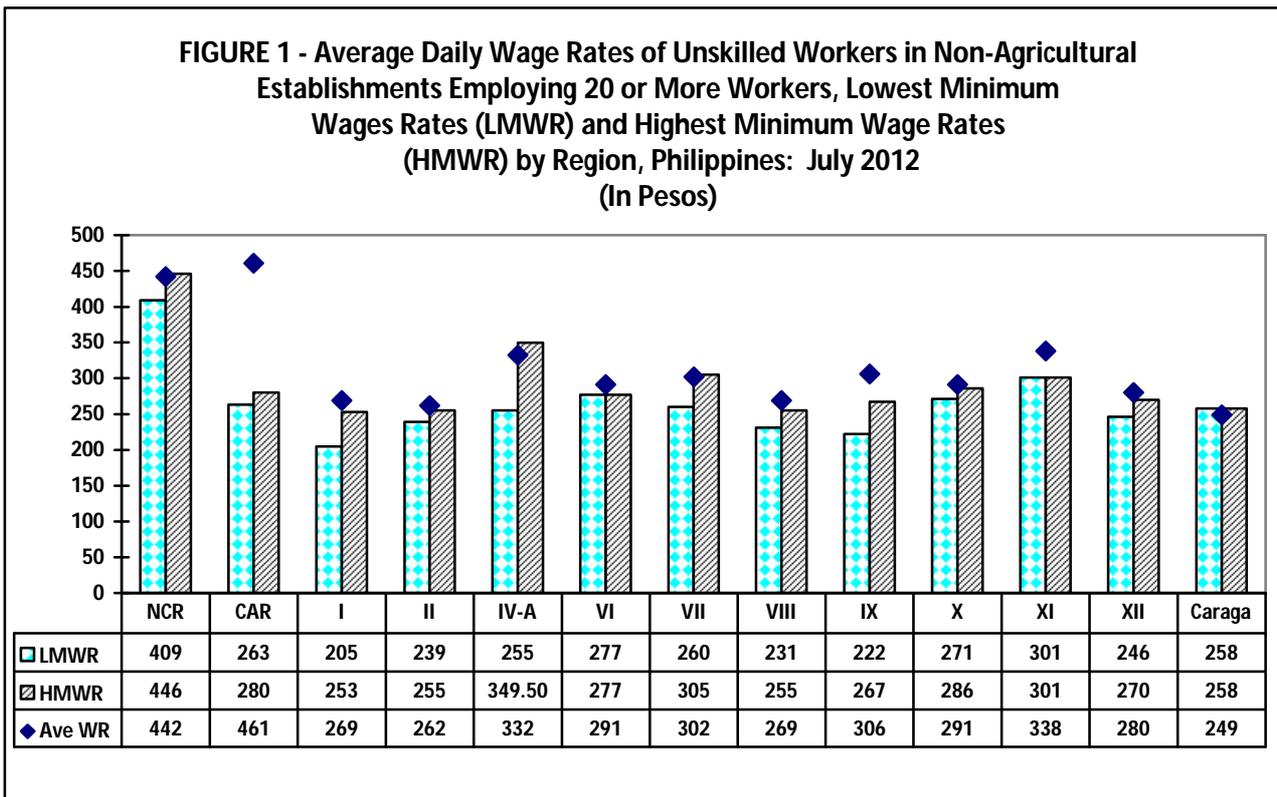
Average daily wage rates of unskilled workers higher than the minimum wage rates in nine regions

- Average daily wage rates of unskilled workers except janitors, messengers and freight handlers were compared with the prescribed regional minimum wage as they were considered the lowest paid occupation in the industries.
- The results of the 2012 OWS showed that unskilled workers in nine (9) regions received higher daily wage rates than the existing highest regional minimum wage rates. These regions were as follows: CAR (P461), Region I (P269), Region II (P262), Region VI (P291), Region VIII (P269), Region IX (P306), Region X (P291), Region XI (P338) and Region XII (P280). (Figure 1)

- These high wage rates in different regions can be attributed to the length of service of workers, bargaining negotiations, restructuring of pay scale in the establishments, etc.
- On the other hand, average daily wage rates of unskilled workers in NCR

(P442), Region IV-A (P332) and Region VII (P302) were lower than the highest wage rates in the regions but these wage rates still fall within the range of lowest to highest minimum wage rates. Only the average daily wage rate in Caraga (P249), that is lower than the highest wage rate in the region, fell outside the wage band.

FIGURE 1 - Average Daily Wage Rates of Unskilled Workers in Non-Agricultural Establishments Employing 20 or More Workers, Lowest Minimum Wages Rates (LMWR) and Highest Minimum Wage Rates (HMWR) by Region, Philippines: July 2012 (In Pesos)



Notes: 1. Data for Regions III, IV-B, V and Autonomous Region in Muslim Mindanao were suppressed due to low response rates.
 2. Average monthly wage rates of unskilled workers except janitors, messengers and freight handlers in establishments employing 20 or more workers were converted to its daily equivalent, i.e., (Wage Rate x 12) /313.

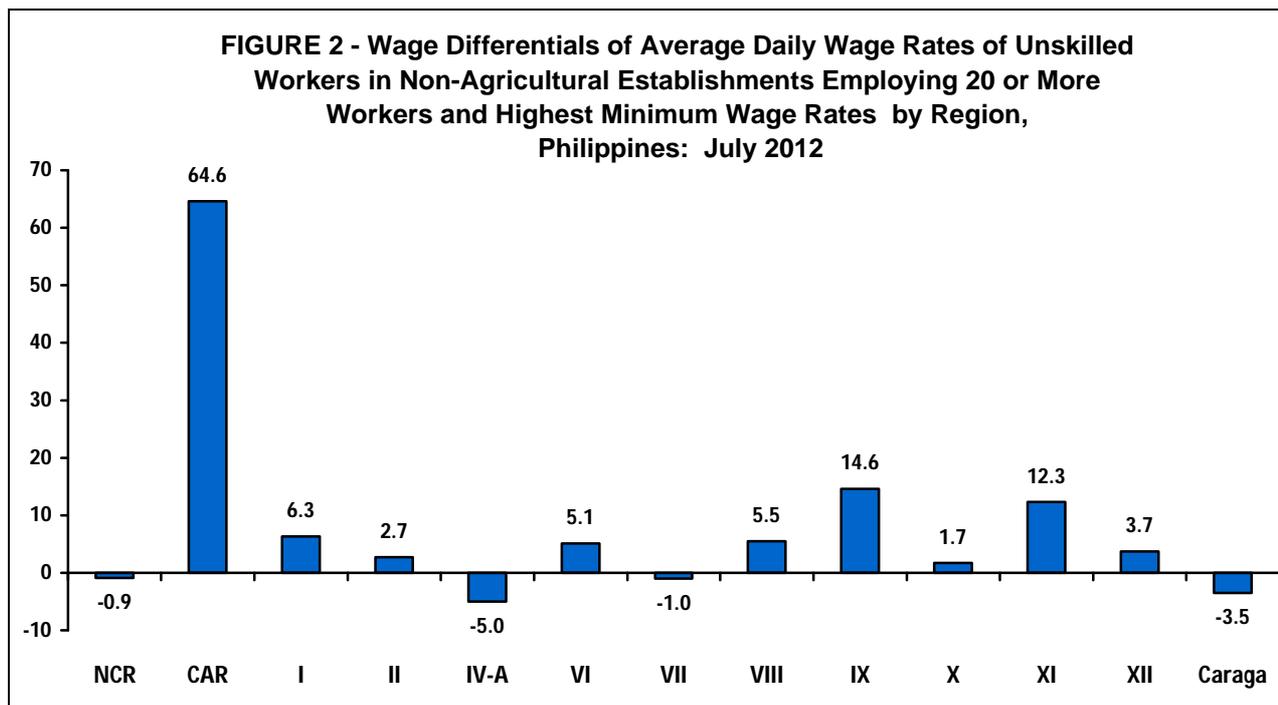
Sources of data: Bureau of Labor and Employment Statistics, 2012 Occupational Wages Survey. National Wages and Productivity Commission.

Wage differentials of unskilled workers highest in CAR

- Wage differentials (average daily wage rate relative to the corresponding highest minimum wage rate) in the regions with higher daily wage rates ranged from 1.7% (Region X) to 64.6% (CAR). This implies that unskilled workers in CAR were paid 64.6% higher than the prescribed

highest minimum wages rates in the region. (Figure 2)

- Meanwhile, average daily wage rates of unskilled workers in NCR, Region VII, Caraga and Region IV-A were lower than the highest minimum wage rates by 0.9%, 1.0%, 3.5% and 5.0%, respectively.



*Notes: 1. Data for Regions III, IV-B, V and Autonomous Region in Muslim Mindanao were suppressed due to low response rates.
 2. Wage differentials refer to the average daily wage rates relative to the highest minimum wage rates.*

Sources of data: Bureau of Labor and Employment Statistics, 2012 Occupational Wages Survey. National Wages and Productivity Commission.

Definition of Terms:

- **Wage rate** refers to the sum of basic pay and regular/guaranteed allowances.
- **Basic pay** refers to pay for normal/regular working time before deductions for employees' social security contributions and withholding taxes. It excludes overtime, night shift differential and other premium pay; commissions, tips and share of employees in service charge; and payment in kind.
- **Allowances** refer to regular/guaranteed cash payments. These include living allowance but exclude reimbursements for travel, entertainment, meals and other expenses, etc. incurred in conducting the business of the employer; cost of uniform/working clothes; bonuses and gratuities; family allowances.

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