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WAGE RATES IN INDUSTRIES ... A comparison of the average daily wage rates of unskilled workers and the minimum wage rates (Last of a 4-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 OWS is one of the designated statistical activities in E.O. 352 (s. 1996) that 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.

The 2008 OWS covered non-agricultural establishments employing at least 20 persons in 65 industry groups. In particular, data on wage rates of time-rate workers on full-time basis were collected for 180 occupations across 46 specific industries. It also inquired on the distributions of time-rate workers on full-time basis along pre-determined basic pay and allowance intervals. These wage distributions led to the determination of the median monthly basic pay and the median monthly allowances in the 65 industry groups. The reference period of the survey was July 2008.

This last issue of LABSTAT Updates on the results of the OWS focuses on the average daily wage rates of unskilled workers except janitors, messengers and freight handlers in comparison with the existing minimum wage rates (highest in the region) set by the Regional Tripartite Wage and Productivity Boards. The metadata and the statistical tables of the 2008 OWS are posted on the BLES website.

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

Average daily wage rates of unskilled workers were compared with the prescribed wage rates as wages of these workers are found in the bottom of the pay structure.

From the results of the 2008 OWS, it was observed that eight regions had higher average daily wage rates than the minimum wage rates (highest in the region), namely: National Capital Region (P385.00 vs. P382.00); Region I – Ilocos Region (P270.00 vs. P240.00); Region II – Cagayan Valley (P296.00 vs. P235.00); Region III – Central Luzon (P334.00 vs. P302.00); Region VI – Western Visayas (P258.00 vs. P250.00); Region VIII – Eastern Visayas (P256.00 vs. P240.00); Region X – Northern Mindanao (P261.00 vs. P256.00); and Caraga (P237.00 vs. P233.00). Average daily wage rates in these regions fell outside the minimum wage

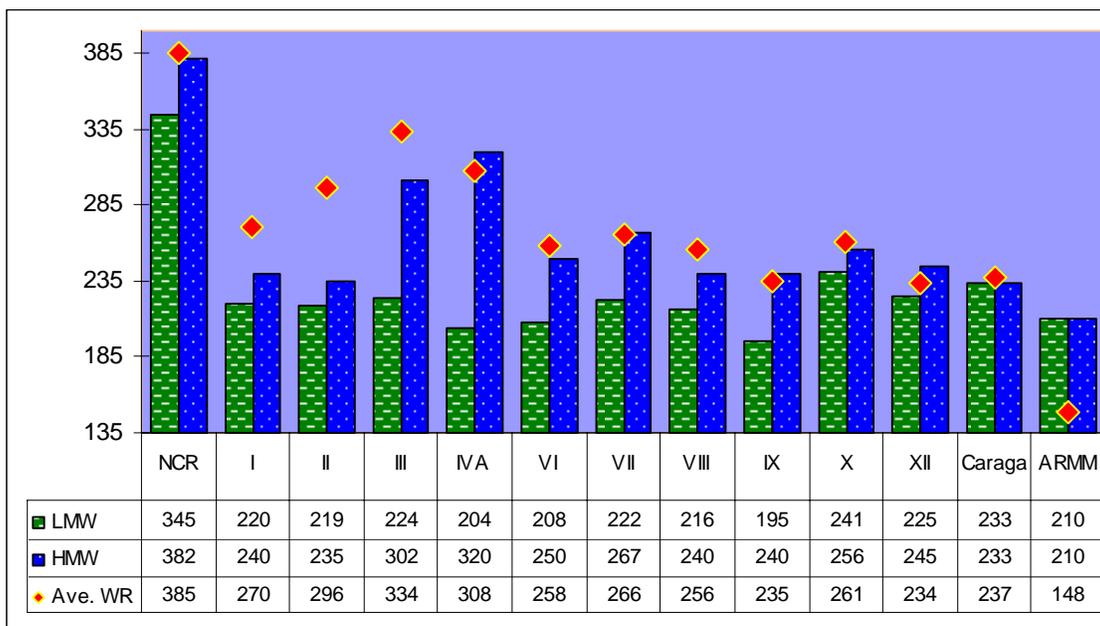
bands, i.e., range of lowest to highest minimum wage rates. (Figure 1) Higher wage rates of unskilled workers could be attributed to various factors such as years of experience, bargaining negotiations, restructuring, etc.

The rest of the regions revealed that their average daily wage rates fell within the minimum wage bands. However, that of the Autonomous Region in Muslim Mindanao was lower than its minimum wage.

Wage differentials (average daily wage rate relative to corresponding highest minimum wage) in regions with higher average wage rates were greater by as much as 0.8% (NCR) to 26.0% (Region II). On the other hand, those regions with lower average wage rates were lower by 0.4% (Region VII) to 29.5% (ARMM). (Table 1)

Note: The terms "average" and "median" are used interchangeably in the analysis of basic pay and allowances.

FIGURE 1 - Average Daily Wage Rates of Unskilled Workers, Lowest Minimum Wage Rates (LMW) and Highest Minimum Wage Rates (HMW) by Region, Philippines: July 2008
(in pesos in non-agricultural establishments employing 20 or more)



- Notes:**
1. Data for CAR, Regions IV-B, V and XI were suppressed due to low response rates.
 2. Non-agricultural establishments include sugar mills, retail/service, cottage/handicraft, private hospitals, which employ at least 20 workers.
 3. Average monthly wage rates of unskilled workers in non-agricultural establishments employing 20 or more workers converted to its daily equivalent, i.e., (Wage Rate X 12) / 313.

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

Definition of Terms:

- o **Wage rate** refers to the sum of basic pay and regular/guaranteed cash allowances.
- o **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.
- o **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.
- o **Median** divides the wage distribution into two equal parts. It is the value where half of the workers in the distribution receive more while the other half receives less.

TABLE 1 – Average Daily Wage Rates of Unskilled Workers, Minimum Wage Rates (Highest in the Region) and Wage Differentials by Region, Philippines: July 2008
(in pesos in non-agricultural establishments employing 20 or more)

| Region | Average Daily Wage Rates of Unskilled Workers | Minimum Wage Rates | Wage Differentials (%) |
|--------------------------------------|---|--------------------|------------------------|
| National Capital Region | 385.00 | 382.00 | 0.8 |
| Region I – Ilocos Region | 270.00 | 240.00 | 12.5 |
| Region II – Cagayan Valley | 296.00 | 235.00 | 26.0 |
| Region III – Central Luzon | 334.00 | 302.00 | 10.6 |
| Region IV-A – CALABARZON | 308.00 | 320.00 | -3.8 |
| Region VI – Western Visayas | 258.00 | 250.00 | 3.2 |
| Region VII – Central Visayas | 266.00 | 267.00 | -0.4 |
| Region VIII – Eastern Visayas | 256.00 | 240.00 | 6.7 |
| Region IX – Zamboanga Peninsula | 235.00 | 240.00 | -2.1 |
| Region X – Northern Mindanao | 261.00 | 256.00 | 2.0 |
| Region XII – SOCCSKSARGEN | 234.00 | 245.00 | -4.5 |
| Caraga | 237.00 | 233.00 | 1.7 |
| Autonomous Region in Muslim Mindanao | 148.00 | 210.00 | -29.5 |

- Notes:**
1. Data for CAR, Regions IV-B, V and XI were suppressed due to low response rates.
 2. Non-agricultural establishments include sugar mills, retail/service, cottage/handicraft, private hospitals, which employ at least 20 workers.
 3. Average monthly wage rates of unskilled workers in non-agricultural establishments employing 20 or more workers converted to its daily equivalent, i.e., (Wage Rate X 12) / 313.
 4. Wage differentials refer to average daily wage rates of unskilled workers relative to minimum wage rates.

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

FOR INQUIRIES:

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