

Compensation Schemes in the Services Sector: 2006

(Fourth of a five-part series on Industrial Relations Practices)

In 2006, the Bureau of Labor and Employment Statistics (BLES) conducted the third round of the BLES Integrated Survey (BITS) in coordination with the DOLE Regional Offices. Initially conducted in 2003, the BITS is a nationwide survey covering 7,630 non-agricultural sample establishments employing 20 or more workers. The main objective of the 2006 BITS is to generate an integrated data set on occupational employment patterns and wage and compensation practices.

This report contains brief description of the compensation schemes provided to employees of an estimated 17,612 establishments in the services sector. The establishments include those that are engaged in wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants; transport, storage and communications; financial intermediation; real estate, renting and business activities; private education services; health and social work except public health services; and other community, social and personal service activities.

Compensation schemes covered were social security schemes, paid leave benefits, health care benefits and incentive schemes.

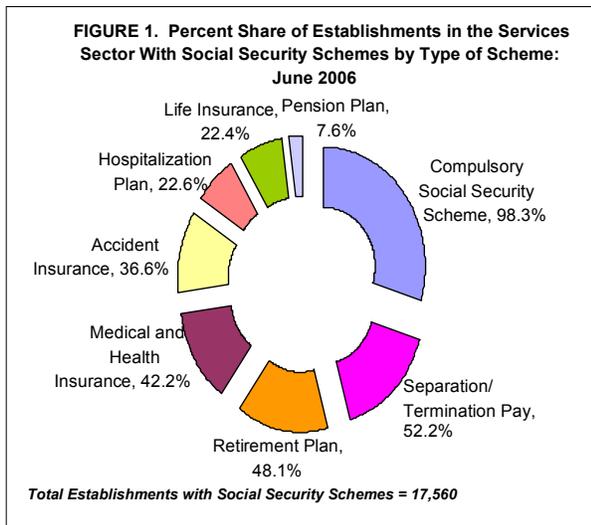
Compensation Schemes

Survey results show that majority of the 17,612 non-agricultural establishments in the services sector provided various compensation packages to their employees such as social security schemes, paid leave benefits, health care benefits and incentive schemes.

Social security was the most popular among the list of compensation schemes provided by establishments in the sector. This was granted in almost all establishments in the services sector. Paid leave benefits followed closely with 97.9% and provision of health care benefits trailed behind with 78.2%. Incentive scheme was the least popular with only 59.7%. (Table 1)

Social Security Schemes

Under this scheme, compulsory social security (98.3%) topped the list in all establishments in the services sector. Included are the mandatory social protection benefits granted to employees, e.g., SSS, GSIS, ECC, Philhealth and PAG-IBIG. Other top social security packages provided to employees were separation/ termination pay (52.2%), retirement plan (48.1%), medical and health insurance (42.2%), accident insurance (36.6%), hospitalization plan (22.6%) and life insurance (22.4%). Pension plan was the least accounting for only 7.6% of the sector's establishments. (Figure 1)



Source of data: BLES, 2006 BLES Integrated Survey.

In almost all establishments in the services sector, employees share the cost of social security schemes especially on the mandated compulsory social security protection. However, on other types of social security schemes, the entire cost is paid mostly by employers. This holds true in 8 out of every 10 establishments wherein the employers pay for the retirement plan, life insurance and accident insurance of their managers, supervisors and regular rank and file employees. (Table 2)

Paid Leave Benefits

Establishments in the services sector also provided paid leave benefits to their employees. Foremost were vacation leave (87.8%) and sick leave (86.8%). Mandatory entitlements, i.e., maternity leave and paternity leave were also granted to workers in 79.1% and 70.5% of the establishments, respectively. Other paid leaves include emergency leave (23.8%), bereavement leave (19.4%), birthday leave (14.6%) and marriage leave (6.7%). The rest shared less than 5.0 % including other mandatory leave benefits such as service incentive leave and solo parent leave. (Table 3)

Industrywise, a larger proportion of establishments in financial

intermediation; real estate, renting and business activities; and private education services granted sick leave benefits than vacation leave to their employees.

Compared to other industries in the services sector, financial intermediation stood out with the largest share of establishments granting the various paid leave benefits i.e., vacation, sick, maternity, paternity, emergency and birthday leaves.

Health Care Benefits

A total of 13,773 establishments in the services sector provide health care benefits to employees. These were mostly (7 out of every 10 establishments) in the form of medical care. Other health care benefits were annual physical check-up (59.7%), first aid treatment (58.3%), hospitalization assistance (54.6%) and dental care (43.7%). Only few of the establishments (2 out of every 10) provided optical assistance to their employees. (Table 4)

About 4 out of every 5 establishments in hotels and restaurants; transport, storage and communications; real estate, renting and business activities; and financial intermediation provide medical care benefits to their employees.

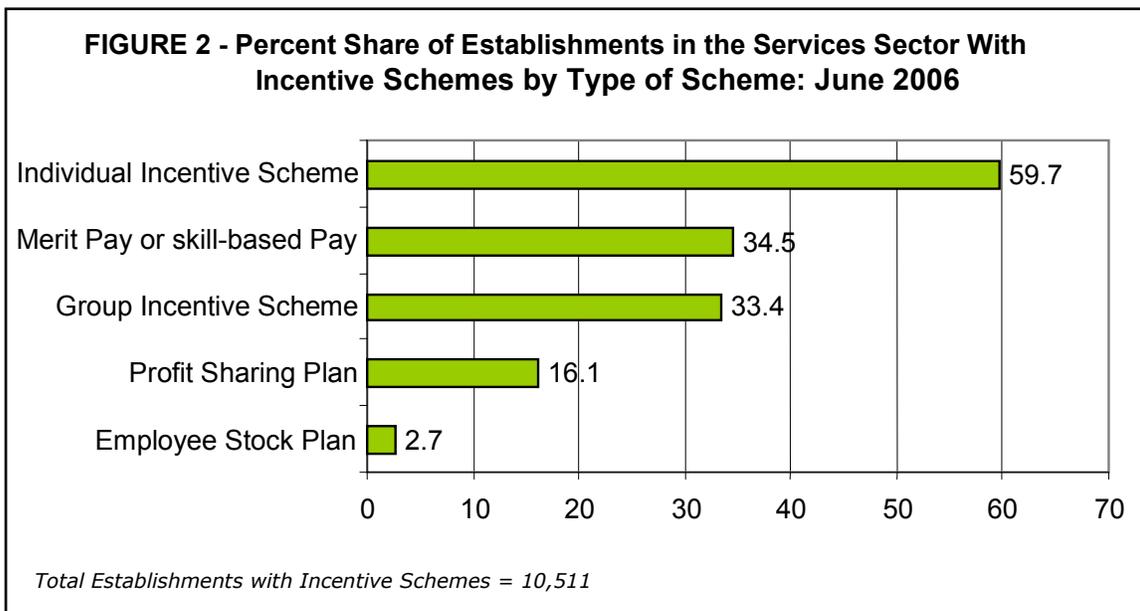
First aid treatment on the other hand, was granted in 2 out of every 3 establishments in wholesale and retail trade; community, social and personal service activities and hotels and restaurants.

Financial intermediation likewise posted the highest share of establishments with hospitalization assistance (74.4%), medicine allowance (36.5%), vision care (32.0%) and optical assistance (29.1%).

Incentive Schemes

Establishments offered various incentive schemes to motivate their employees. The most popular was individual incentive scheme adopted by more than half (59.7%) of the establishments in the service sector. This scheme was given to employees on the basis of individual output or performance e.g., bonuses and commissions. Other schemes were merit pay or skill-based pay (34.5%) granted to individuals who

demonstrated superior qualities or expertise that come from training or practice; group incentive scheme (33.4%) are rewarded based on employees' performance e.g., productivity or quality gain sharing; and profit-sharing scheme (16.1%) where employees receive a share in the profits of the establishment. Employee stock plan granted either through purchase of stocks or stocks option transfer was the least popular with only 2.7%. (Figure 2)



Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

FOR INQUIRIES:

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TABLE 1 – Number and Percent Share of Establishments Employing 20 or More Workers in the Services Sector With Compensation Schemes by Type of Scheme and Sub-Sector, Philippines: June 2006

Sub-Sector	Total Establishments	Social Security	Paid Leave	Health Care	Incentive Scheme
TOTAL	17,612	99.7	97.9	78.2	59.7
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	5,472	99.5	98.3	75.2	63.9
Hotels and Restaurants	3,171	99.7	97.9	81.4	61.7
Transport, Storage and Communications	1,410	100.0	93.5	80.0	56.7
Financial Intermediation	1,074	99.2	99.2	81.4	62.8
Real Estate, Renting and Business Activities	2,553	99.8	97.8	76.6	57.3
Private Education Services	2,591	100.0	99.3	77.2	52.6
Health and Social Work Except Public Health Services	611	99.8	100.0	93.5	53.0
Other Community, Social and Personal Service Activities	730	100.0	96.4	74.8	59.9

Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

TABLE 2 - Number and Percent Share of Establishments Employing 20 or More Workers in the Services Sector With Social Security Schemes by Type of Scheme, Occupational Category and Type of Payment, Philippines: June 2006

Social Security Scheme	Managers/Executives			Supervisors/Foremen			Regular Rank and File		
	Number	Wholly Paid by Employer (%)	With Contribution from Employee (%)	Number	Wholly Paid by Employer (%)	With Contribution from Employee (%)	Number	Wholly Paid by Employer (%)	With Contribution from Employee (%)
Compulsory Social Security Scheme	15,978	4.9	95.1	14,060	3.1	96.9	17,002	2.7	97.3
Retirement Plan	7,724	78.2	21.8	6,814	79.2	20.8	7,954	76.8	23.2
Medical and Health Insurance	7,013	63.0	37.0	6,078	61.5	38.5	6,796	57.9	42.1
Accident Insurance	5,636	75.6	24.4	5,036	74.5	25.5	6,158	73.2	26.8
Hospitalization Plan	3,748	72.6	27.4	3,360	69.6	30.4	3,687	69.0	31.0
Life Insurance	3,771	78.2	21.8	3,297	75.3	24.7	3,564	74.9	25.1
Pension Plan	1,096	56.7	43.2	991	55.9	44.1	1,140	51.8	48.3
Others	201	55.7	44.3	209	57.4	42.6	241	53.9	45.7

Note: Details may not add to totals due to rounding.

Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

**TABLE 3 - Number and Percent Share of Establishments Employing 20 or More Workers in the Services Sector With Paid Leave Benefits by Type of Benefit and Sub-Sector
Philippines: June 2006**

Leave Benefit	Establishments With Paid Leave Benefits	G	H	I	J	K	M	N	O
TOTAL	17,247	5,377	3,103	1,318	1,065	2,497	2,572	611	704
Vacation Leave	87.8	85.1	93.4	90.0	94.7	88.4	81.8	82.0	94.3
Sick Leave	86.8	82.1	90.6	87.3	97.3	90.3	86.2	75.3	88.5
Maternity Leave	79.1	76.2	81.0	78.1	90.5	77.7	82.1	75.3	73.7
Paternity Leave	70.5	67.9	76.2	70.3	85.5	73.1	63.2	57.0	70.7
Emergency Leave	23.8	18.6	30.8	22.1	35.7	20.7	26.3	20.8	23.0
Bereavement Leave	19.4	15.7	18.5	22.5	21.1	22.1	24.1	18.2	18.3
Birthday Leave	14.6	9.1	19.3	11.2	24.8	17.0	12.8	24.7	16.8
Marriage Leave	6.7	7.2	4.7	3.4	6.5	5.8	11.3	7.0	4.3
Service Incentive Leave	4.3	3.4	5.5	5.4	-	5.4	2.8	5.9	9.1
Study Leave	3.8	2.1	2.5	1.7	7.9	2.6	10.0	3.9	2.4
Calamity Leave	3.8	4.3	3.5	4.2	6.1	2.3	4.3	2.0	1.1
Union Leave	3.8	2.8	3.4	6.7	10.7	1.0	3.0	4.6	8.4
Solo Parent Leave	0.9	0.8	0.5	1.8	2.0	1.0	0.7	0.2	0.4
Special Privilege Leave	0.3	0.1	-	0.2	2.7	0.4	-	1.6	0.1
Rehabilitation Leave	0.2	0.3	*	-	1.3	0.1	-	-	-
Others	2.0	0.9	1.7	2.3	3.2	1.4	4.9	2.1	0.6

Sub-Sector Classification

G- Wholesale and Retail Trade; Repair of Motor Vehicles; Motorcycles, Personal and Household Goods

H- Hotels and Restaurants

I- Transport, Storage and Communications

J- Financial Intermediation

K- Real Estate, Renting and Business Activities

M- Private Education Services

N- Health and Social Work Except Public Health Services

O- Other Community, Social and Personal Service Activities

* Less than 0.05 percent.

Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.

**TABLE 4 - Number and Percent Share of Establishments Employing 20 or More Workers in the Services Sector With Health Care Benefits by Type of Benefit and Sub-Sector
Philippines: June 2006**

Health Care Benefit	Establishments With Health Care Benefits	G	H	I	J	K	M	N	O
TOTAL	13,773	4,117	2,580	1,128	874	1,956	2,001	571	546
Medical Care	73.8	68.5	80.5	81.7	76.9	78.6	71.4	59.5	66.8
Annual Physical Check-up	59.7	51.4	75.6	60.2	68.9	63.9	49.0	54.3	61.9
First Aid Treatment	58.3	64.1	61.5	56.2	53.1	51.6	56.3	39.4	63.6
Hospitalization									
Assistance	54.6	54.1	57.4	48.8	74.4	57.6	45.0	57.4	45.8
Dental Care	43.7	36.0	59.1	44.2	54.6	44.1	42.2	18.2	42.3
Medicine Allowance	29.6	36.1	28.0	31.8	36.5	26.2	18.8	23.8	30.8
Special Laboratory Examination	27.5	25.6	34.2	27.7	34.4	27.6	16.2	42.0	24.7
Vision Care	24.8	21.6	31.2	25.6	32.0	28.2	19.4	13.0	24.4
Optical Assistance	19.1	16.5	24.8	21.2	29.1	23.4	11.6	8.8	13.6
Others	1.7	2.6	1.4	0.6	-	1.3	1.2	4.9	-

Sub-Sector Classification

G- Wholesale and Retail Trade; Repair of Motor Vehicles; Motorcycles, Personal and Household Goods

H- Hotels and Restaurants

I- Transport, Storage and Communications

J- Financial Intermediation

K- Real Estate, Renting and Business Activities

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Source of data: Bureau of Labor and Employment Statistics, 2006 BLES Integrated Survey.