



**Employers
Confederation
of the
Philippines**



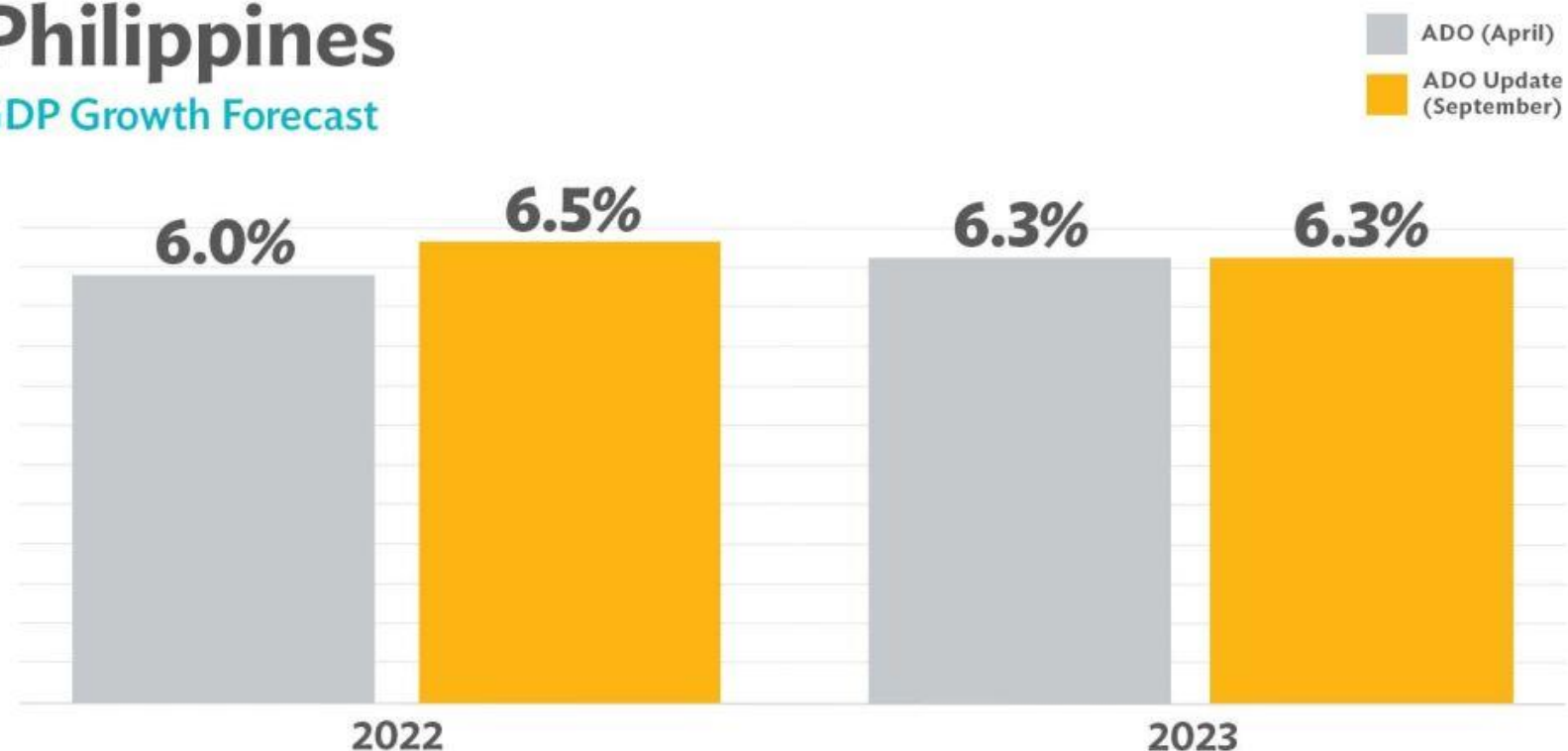
LABOR SITUATION AND HUMAN RESOURCES STRATEGIES IN THE PHILIPPINES

OCTOBER 2022

Jose Roland A. Moya, Director-General
Employers Confederation of the Philippines



Philippines GDP Growth Forecast



Find out more in ADB's Asian Development Outlook Update 2022
www.adb.org/outlook

#ADO2022



ECONOMIC AND LABOR SITUATION

A strong rebound in domestic demand with the easing of COVID-19 mobility restrictions in the country will support robust growth for the Philippine economy in 2022, despite higher inflation due to global and local price pressures. (ADB)

THE PHILIPPINES' REAL GROSS DOMESTIC PRODUCT IS PROJECTED TO GROW BY 6.5 PERCENT IN 2022 (IMF).

ECONOMIC AND LABOR SITUATION

LABOR FORCE PARTICIPATION

65.2% as of July 2022 (PSA)

TOTAL NO. OF EMPLOYED INDIVIDUALS

47.4 million individuals (94.8% employment rate)

UNEMPLOYMENT RATE

5.2% as of July 2022 (PSA)

UNDEREMPLOYMENT RATE

13.8% or 2.2 million fewer underemployed individuals

TOTAL REGISTERED ENTERPRISES

A total of 1,080,638 business enterprises operating in the country generating 8.57 million total employment (99.58% MSMEs)

Despite recent positive economic developments, the country has 19.99 million individuals living below the poverty threshold in 2021, which represents 18.1% of the population, compared to the recorded 17.67 million poor Filipinos in 2018.

POVERTY INCIDENCE

Estimated at 18.1% in 2021 which translates to 19.99 million Filipinos who lived below the poverty threshold estimated at PhP 12,030, on the average, for a family of five per month.

SUBSISTENCE INCIDENCE

The proportion of Filipinos whose income is not enough to meet even the basic food needs, was registered at 5.9 %.



POLITICAL SITUATION



Recently inaugurated President Ferdinand Marcos Jr. aims to slash the poverty rate to 9% by the end of his single six-year term in 2028.

PRES. MARCOS, WHO OFFICIALLY ASSUMED OFFICE LAST JUNE 30, 2022, ANCHORS ALL HIS WORK AND PLATFORM ON HIS CAMPAIGN MESSAGE OF “UNITY”.

The new government's strategy focuses on fully reopening the economy, investing in human capital and social protection, and transforming production sectors to generate more and quality jobs and competitive products. Under his “Jobs! Jobs! Jobs! Economic Program”, the President puts emphasis on the role of MSMEs in providing employment to Filipinos and supporting the economy, including the larger companies. In order to strengthen the sector, he enumerated some key actions, which include, but are not limited to, the following:

- End the practice of “endo” or illegitimate short term contractualization
- Strengthen the National Employment Recovery Strategy (NERS)
- Bring back the concept of Private–Public Partnerships (PPP) to train and produce better workers for job opportunities
- Strengthen the country’s agriculture, tourism, and transport sectors to create opportunities
- Continue President Duterte’s urbanization and infrastructure development plan and improve digital infrastructure for e-commerce and business processing outsourcing (BPO).

INDUSTRIAL RELATIONS IN THE PHILIPPINES

ECOP is actively pursuing a policy of partnerships and nurturing relationships with the government with the end in mind of creating a level playing field where business may flourish and thrive.

It continues to make use of the various social dialogue mechanisms so that employers and workers can participate and be included in policy-making and program development of the government.



ECOP, as a social partner, strongly supports and promotes industrial peace and harmony.

In the Philippines, ECOP is officially recognized as the single voice representing employers on labor and social policy issues.

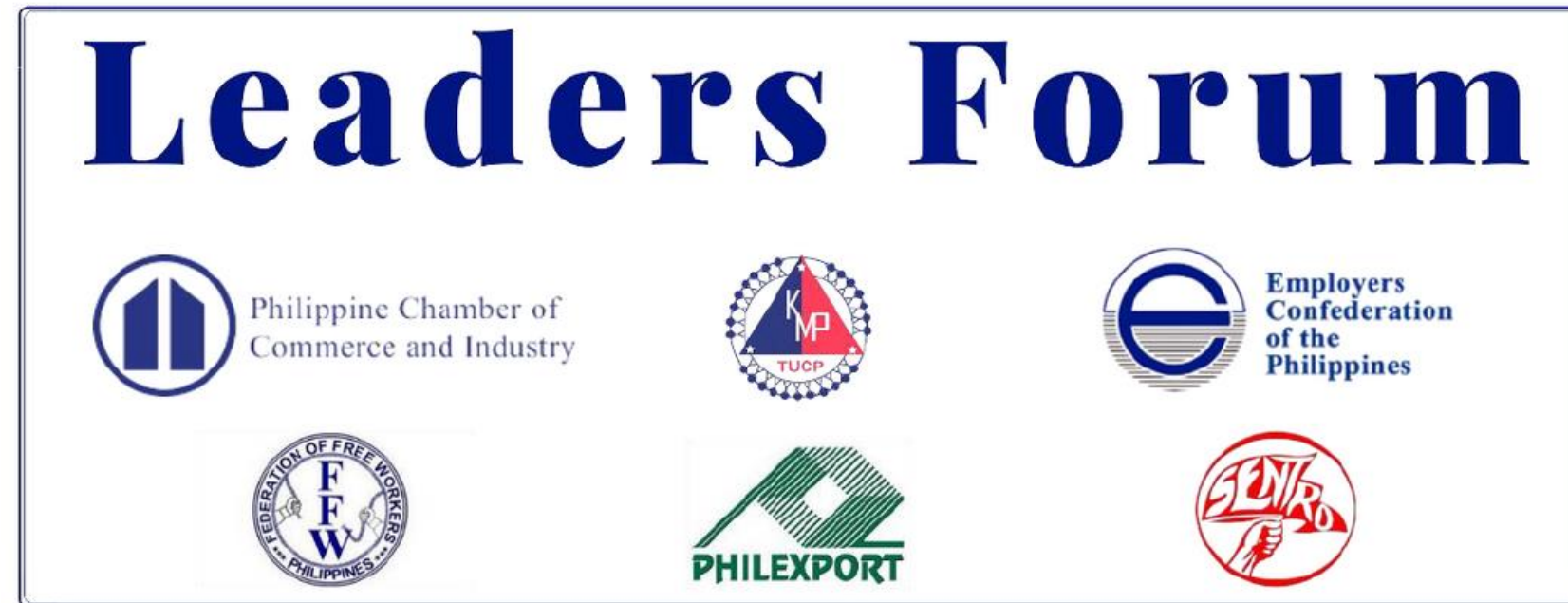
Labor on the other hand is represented at the national level by national federations such as the *Trade Union Congress of the Philippines (TUCP)*, *Federation of Free Workers (FFW)*, and *Sentro ng Nagkakaisang Mangggagawa ng Pilipinas (SENTRO)*.

They, together with other labor organizations, formed an alliance called **Nagkaisa (Unity)** in April 2012 to “advance security of tenure, reduce the price of electricity, empower public sector workers and improve workers' living wage”.

There are nearly 140 other union federations and around 18,000 unions at the enterprise level.



In 2018, through the technical and financial support of the Confederation of Danish Industry (DI) under the Strategic Partnership Agreement (SPA) 2018–2021, ECOP was able to establish the **Leaders' Forum (LF)**, a platform where employers and workers can discuss issues of common concern which may culminate into signing a social accord or policy paper containing consensus points and recommendations of both partners.



Through the LF, a more solid platform with a greater voice was provided to workers and employers to allow the two parties to come together in discussion before getting the government involved.

Business, Trade & Energy

Business groups list 11 proposals to Duterte

Philhealth contribution hike halt hailed

Labor, employer sectors unite vs. job mismatch

New social dialogue institution helps the
Philippines cope with the coronavirus crisis

6 Groups ask Duterte: Appoint true
representatives for labor, management in
government agencies

Business, Business News

**Good governance, synergies urged for next
leaders**

CHALLENGES AND DISSATISFACTION OF WORKERS AND MANAGEMENT

Existing challenges/bottlenecks which hinder the achievement of industrial peace and harmony at the enterprise level include: **new work arrangements disruptions in the production process, working conditions, implementation of labor laws, and dialogue process.** (*ECOP-DECP Environmental Scan Survey on Social Dialogue, 2021*)

OTHER CHALLENGES:

66% out of 276 surveyed companies indicated only 18 to 20% of their total workforce as eligible for telecommuting due to limited access to technology and resources like the computer, telecommunication devices, and internet connection (DOLE-ILS).

34% of the company respondents are, on the other hand, either not ready to adopt WFH and telecommuting or unsure if their business is feasible for these work arrangements due to the nature of the business operations and employees' functions, the feasibility of adapting AWAs, and limited resources.

Nearly all (95%) employees in Asia reported recently learning a new skill, yet a staggering 97% of companies report significant skill gaps in their organization (Mercer).

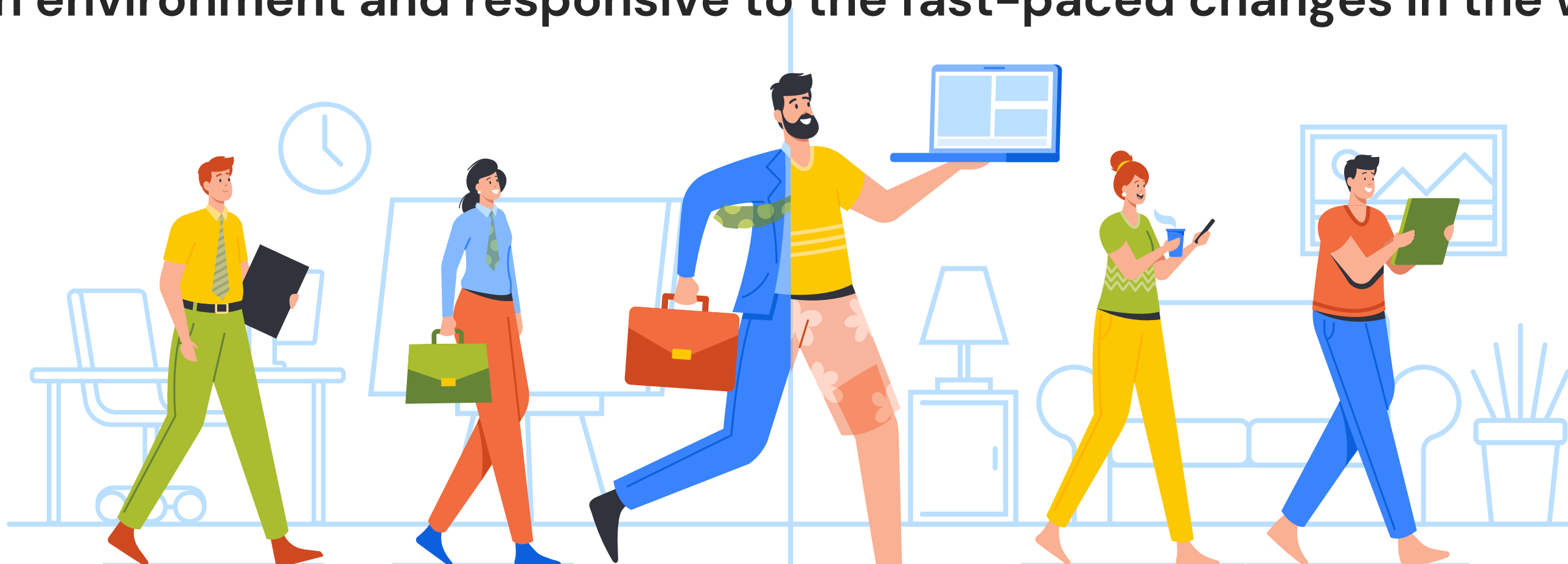


THE NEW NORMAL

With technological advancements and digital transformation sweeping the whole world, which were accelerated by the pandemic, competencies required to perform many existing and new jobs and professions have changed. Current skills of the workforce will soon become obsolete unless there is massive reskilling and upskilling. Industries, if unable to keep up with the policy environment, may also face the risk of income loss, which eventually could lead to job loss.

We are now in the next normal.

New strategies may have to be in place so that we may become more resilient to the uncertain environment and responsive to the fast-paced changes in the world of work.



SHIFTING TO DIGITAL ECONOMY

- The Philippines was dubbed as the fastest-growing digital economy among major ASEAN member-states in 2021, registering a whopping 93% year-on-year expansion from 2020 to 2021.
- The country earned a gross merchandise value of **\$17 billion through digital transactions in 2021**. By 2025, the report forecasts that the Philippine internet economy will expand to \$40 billion.



SHIFTING TO DIGITAL ECONOMY: The ECOP Experience

Overnight, ECOP embraced digital transformation.

- ECOP conducted virtual fora on matters of business health and safety protocols
- ECOP has also started shifting to e-Learning using its very own e-Campus while also setting up hybrid training programs
- A digital self-assessment tool was also launched by ECOP with the goal of helping companies comply with international frameworks and national standards
- Access to our legal and HR templates has been digitized as part of our service helpdesk
- ECOP launched a digital channel which we called *ECOPlus: Amplifying Your Voice*
- A Viber community was set up called *ECOPmmunity* so that we may instantly reach out to our members and vice versa
- Utilized digitized registration and payment systems to make it easier for members, COVID or no COVID

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Sixth Edition:

**NEWLY ISSUED DOLE LABOR ADVISORIES
AND PHILHEALTH POLICY ON COVID-19 TESTING**

PRESCRIPTIONS FOR BUSINESS SURVIVAL AND SUSTAINABILITY IN A PANDEMIC

EPISODE 2

**BUILDING A SUSTAINABLE BUSINESS MODEL
TO OVERCOME A PANDEMIC**

MAY 8, 2020 (FRIDAY) | 3:00PM-5:00PM

MODERATOR:
JOSE ROLAND MOYA
Director-General,
Employers Confederation
of the Philippines

210 24 PANELISTS:

MUG SHOTS

ECOPlus
Amplifying your voice

JOSE ROLAND MOYA

Business Case, Business Cares: A Series on Good Business Practices

EBMO Actions on COVID-19: Crisis Management and Member Engagement

Digital Self-Assessment Checklist Introduction

The Employer's Confederation of the Philippines (ECOP) actively promotes responsible business conduct which is anchored on international frameworks and national standards. With support from the International Labour Organization (ILO) under the Trade for Decent Work project, the Digital Self-Assessment Checklist (DSAC) was developed. This tool will enable companies, especially, MSMEs to practice due diligence and ensure that their policies and programs are aligned with global best practices and national laws.

GET STARTED »

Welcome to
ECOP eCampus

ACCESS NOW

THE RISE OF THE GIG ECONOMY

Gig Economy is defined as **labor markets characterized by independent contracting that happens through, via, and on digital platforms.** This includes online freelancing, delivery, taxis, and micro work. Because of the massive business losses, retrenched workers capitalized on remote work.

With the rise of online marketplace and apps, digital platforms have made it easier for Filipino freelancers to find clients who need services such as photography, blogging or vlogging, graphic design, writing, videography, architecture, and engineering.

According to Creative Economy Council of the Philippines President Paolo Mercado, **up to 1.5 million Filipinos are registered on international online platforms for freelancing services.** Multiple sources of income helped lower to middle-income Filipino workers survive daily costs in the Philippines.



HYBRID WORK / TELECOMMUTING

Prior to the onset of the pandemic, the Philippine Congress enacted the **Telecommuting Law, or the Republic Act No. 11165**. It defines "**telecommuting**" as a work arrangement that allows a private sector employee to work in an alternative workplace with the use of telecommunication and/or computer technologies.

Employees in the Philippines prefer to work in a hybrid model. Over 15,000 Filipino respondents, showed that employees preferred either working from home entirely or a hybrid work model. (JobStreet)

Most Filipino employees are happier when given hybrid work options. Still, less than 30% of companies are very prepared for this. 59.6% of local employees want a hybrid work arrangement, with 96.6% of employers supportive and 59.6% saying they are very supportive.

It found that 89.2% of employees believe their overall well-being improved with hybrid working, with 92.2% of respondents saying they are happier. (Cisco)



HUMAN RESOURCE STRATEGY WITH AND AFTER COVID - 19

"**Quiet quitting**" refers to doing the bare minimum at work, rejecting the hustle culture, and not going above and beyond one's responsibility. Factors that can contribute to "quiet quitting" include: return to physical office set-up, a work environment that flourishes with insane pressure with a bunch of burn-out employees, and exploitative employer practices, among others.

Measures to combat "quiet quitting":

- Companies must practice empathy -- mental health, aside from financial security, should be at the forefront
- More flexibility and providing work with purpose
- Increased learning and development opportunities (upskilling, reskilling)
- Inclusion and establishing a positive company culture as a response to the diverse workforce
- Re-purposing of existing product lines in accordance with the changing demand brought by COVID-19
- Revisit employee retention strategies



ADVICE FOR JAPANESE COMPANIES EXPANDING IN THE PHILIPPINES



Department Order 237 Series of 2022 of DOLE, or the Revised Implementing Rules and Regulations of RA No. 11165, otherwise known as the "Telecommuting Act"

- Protects employees under work from the home scheme. They should not be treated as second-class employees of the companies on the premise that work performed in the house or any alternative workplace should be considered work done in the regular workplace.
- Foreign and local employers who wish to implement these types of work setups are encouraged to develop their company policies.



DOLE Labor Advisory 01-22 COVID-19 Benefits for Workers in Isolation and Quarantine: The Role of Government and Responsibilities of Employers.

- Requires all employees in the private sector to fulfill at-home quarantine or isolation in a facility under relevant laws if they are identified as close contacts of COVID-19 cases or are suspect, probable, or confirmed COVID-19 cases to quarantine or isolate at home or in a facility.
- Urges employers, in consultation with the employees or employees' representative, if any, to adopt and implement an appropriate paid isolation and quarantine leave program on top of existing leave benefits.

ADVICE FOR JAPANESE COMPANIES EXPANDING IN THE PHILIPPINES



Labor Contracting Policies in the Philippines

- The law does not prohibit all forms of contracting or subcontracting. Legitimate contracting or subcontracting is allowed under the Labor Code, as implemented under DOLE Department Order No. 174, series of 2017. What the law prohibits are labor-only contracting and other illicit employment arrangements.
- Labor-only contracting refers to an arrangement where the contractor or subcontractor merely recruits, supplies, or places workers to perform a job or work for a principal.

Freedom of Association

- Guaranteed by the Philippine constitution under the Bill of Rights which states that *"The right of the people, including those employed in the public or private sectors, to form unions, associations, or societies for purposes not contrary to law shall not be abridged"*.
- The Labor Code of the Philippines also states that "All persons employed in commercial, industrial and agricultural enterprises and in religious, charitable, medical, or educational institutions, whether operating for profit or not, shall have the right to self-organization and to form, join, or assist labor organizations of their own choosing for purposes of collective bargaining".
- As a matter of policy, ECOP does not in any way interfere in union organization or initiatives to encourage the establishment of enterprise-based dialogue mechanisms, whether unionized or non-unionized. ECOP also iterates that **the freedom of association also entails the freedom not to associate.**

ADVICE FOR JAPANESE COMPANIES EXPANDING IN THE PHILIPPINES

It is also worth mentioning that the Department of Labor and Employment, through the National Tripartite Industrial Peace Council or NTIPC, where ECOP is represented, recently launched a policy review covering the following topics:

- Implementing rules and regulations of the Occupational Safety and Health Law (Republic Act 11058)
- Revised rules on the administration and enforcement of labor laws pursuant to Article 128 of the Labor Code, as renumbered
- Rules implementing Articles 106 to 109 of the Labor Code, as amended (Contracting and Subcontracting)
- Implementing rules and regulations of RA 10395 or the Tripartism Law

The review is in line with the Department's thrust to revisit labor laws to make it attuned with the times, especially with COVID-19 being an accelerator of change. ECOP welcomes the review and is committed to take part in the process to protect the welfare of business and employment and to ensure that any policy reform would be beneficial to the overall business and investment climate.



Due to the passage of the OSH Law back in 2017 and later on with the emergence of the global pandemic, many companies have been more interested in OSH. ECOP took this opportunity to institutionalize its very own OSH Academy. With its growing competence in the field of OSH, ECOP has now been accredited by the DOLE as a safety training organization.

WORK CULTURE IN THE PHILIPPINE SETTING

Understanding the culture of Filipino workers is important for investors. The work culture of the Philippines is rich and varied in many ways.

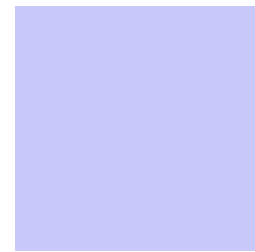
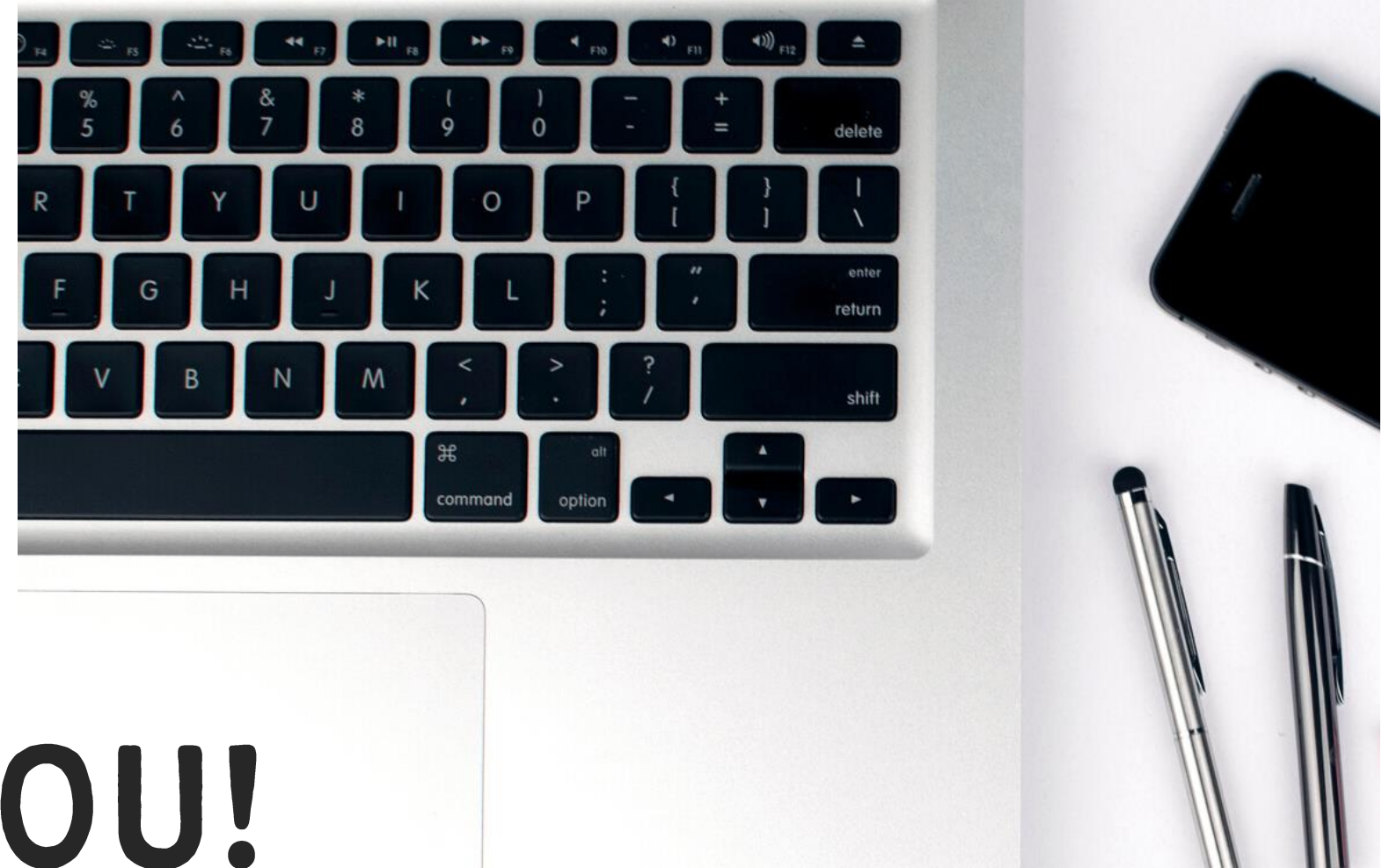
- Filipino workers are familial. Engaged teams consider their workmates as a secondary family.
- Positions, ranks and titles are a norm in the Philippines. It is normal for a subordinate to call someone superior to him or her as “Ma’am” or “Sir”. Even when you tell Filipinos not to address you with these titles, they will (most often) do so.
- Another Filipino norm is the concept of hiya or “shame or modesty.” Being ‘hiya’ or ‘mahiya’ is a Filipino value that puts great emphasis on how others see you. Modesty and pride are a big deal in Filipino work culture.
- Filipino enterprises and workers are now embracing the concept of diversity and inclusion in the workplace. The entrants of young workers, who have different social norms, open the gateway to policies and programs on LGBTQ+ and women empowerment.



THE WORK OF ECOP IS ANCHORED ON THE POSITIVE DEVELOPMENTS AS WELL AS THE OPPORTUNITIES IN THE LABOR MARKET AND THE ECONOMY AS A WHOLE. ECOP IS ALSO WORKING HARD TO REMAIN AT THE FOREFRONT IN CHAMPIONING FOR BUSINESS AND EMPLOYMENT.

We want to send a strong message to the rest of the world, that

- 1) the Philippines is open for business,
- 2) the policy environment is investment-friendly and enables employment generation,
- 3) employers are digitally enabled, agile, resilient, and good corporate citizens,
- 4) workplaces and workspaces are safe, healthy, and inclusive, and
- 5) workers are skilled and equipped to meet the demands of the Future of Work.



THANK YOU!

Jose Roland A. Moya, Director-General
Employers Confederation of the Philippines

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