



International
Labour
Organization

Measuring Decent Work in The Philippines

The Decent Work Country Profile at a glance

What is Decent Work?

The **Decent Work Agenda**, is a globally recognized framework for reducing poverty and balancing development. It has four objectives:

1. Job creation – building an economy that fosters investment, entrepreneurship, skills development, and sustainable livelihoods

2. Rights – ensuring recognition and respect for the rights of all workers and employers

3. Social protection – ensuring a safe and healthy workplace, an adequate work-life balance, income protection, and access to healthcare for all

4. Social dialogue – strong and independent workers' and employers' organizations to avoid disputes and build harmonious and productive workplaces

Decent work for all is also contained in **MDG Target 1b**, which has 4 indicators:

- Labour productivity growth rate
- Employment-to-population ratio
- Working poverty rate
- Vulnerable employment rate

This summary is part of the ILO and European Commission project - *Monitoring and Assessing Progress on Decent Work (MAP)*, which supports better measurement of decent work in developing and transition countries.

Summary

[Data period: 1995-2010]



Map: CIA World Factbook

- Recent **economic growth** has been erratic and **working poverty** rates have risen since the early 2000s. Labour productivity growth has improved but still lags behind neighbours.
- Economic growth alone is not enough. It has to be inclusive, sustainable and provide sufficient **productive employment** opportunities. This challenge will only intensify amid a rapidly expanding **working age population**.
- **Vulnerable employment** makes up more than 40 per cent of total employment. Growth in **wage employment** has been minimal. Fifteen per cent of the employed are in “**precarious**” work.
- Despite this, the country could capitalise on a **demographic dividend**, which by 2015 will see its median population fall to just 22 years old. In other countries, this period has coincided with an upturn in economic growth.
- **Employment is shifting** from agriculture to services; overseas migration has continued to offset some of the effects of weak domestic job growth.
- **Labour force participation** has remained stable for the last decade. **Unemployment** levels remain largely unchanged (7.4 per cent in 2010) and disproportionately affect youth and the more educated. A quarter of young people remain both **out of work and out of training or education**.
- **Real wages** have declined since 2001, and the proportion of “**low paid**” employees remains at almost 15 per cent.
- Almost a quarter of workers work “**excessive hours**” (more than 48 hours per week).
- Gains in **gender equality** have been uneven. Occupational segregation by sex is high, as is the gender wage gap in some occupations.
- Better regulation and enforcement has helped improve **safety and health** in the workplace, with both fatal and non-fatal workplace injuries in decline. However, incidence of occupational diseases remains high.
- Universal national **health insurance** coverage may soon be achieved, yet the government's share in total healthcare spending is declining relative to that of households. **Pension** coverage remains low.
- **Union membership** and **collective bargaining** coverage are in decline, but **social dialogue** mechanisms have improved in other ways (e.g. national and industry tripartite councils, voluntary codes of practice).



The working age population will grow by 1.5 million per annum in the next decade

Economic growth has been erratic and poverty hasn't fallen

The wage share of GDP has hardly grown

Labour productivity has picked up in recent years

Employment continues to shift from agriculture to services

The proportion of children not in school has fallen

HIV rates are low but have been rising rapidly

Employment-to-population ratio is almost unchanged but the picture for women has improved slightly

The socio-economic context

The working age population is projected to grow by around 1.5 million annually over the next 10 years. Rapid population growth is a major challenge to new job creation.

Recent economic growth has been erratic and low by ASEAN standards, averaging 4.6 per cent per annum between 1999 and 2010. By 2015, median age of the population will be 22 years –a potential demographic dividend that in other countries has coincided with an upturn in the economic growth trajectory.

Little recent progress has been made on poverty reduction. In 2009, more than 23 million Filipinos were estimated to be living below the poverty line (26.5 per cent of the population).

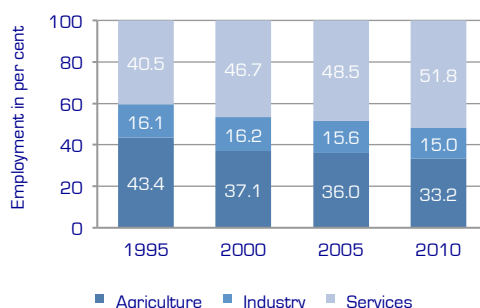
There has also been minimal progress in raising the wage share of GDP, which rose three percentage points between 1995 and 2009 to 28.6 per cent. This can be contributing to the persistence of vulnerable employment, which is often associated with low productivity.

Capital formation as a percentage of GDP –a key engine for growth and job creation– fell from almost 25 per cent in 2002 to 20.8 per cent in 2010.

Labour productivity growth was stagnant between 1999 and 2002, before growing annually until the recent global economic downturn. Employment continued to expand, although the pace was slow (2.7 per cent per year between 1999 and 2010) and much of the growth came in part-time rather than full-time employment.

The structure of the economy shifted continuously towards services while robust expansion in overseas employment has partially offset weakness in domestic employment growth.

Employment by branch of economic activity (2009)



Challenge of creating decent jobs

The employment-to-population ratio (59.3 per cent in 2010) and labour force participation rate (64.1 per cent in 2010) have remained virtually unchanged since 1995, while the unemployment rate fell from 7.8 per cent in 2005 to 7.4 per cent in 2010. The female employment-to-population ratio rose three percentage points between 1995 and

Key stats

US\$3,560

Real GDP per capita, PPP (2010)

22.4%

Working poverty rate (2009) (MDG 1b indicator)

4.7%

Growth rate of labour productivity (2010) (MDG 1b indicator)

59.3%

Employment-to-population ratio (2010) (MDG 1b indicator)

41.7%

Vulnerable employment rate (2010) (MDG 1b indicator)

14.4%

Share of children (5-17) not in school (2010)

Social indicators have improved since 1995: while literacy rates have risen only slightly, secondary school graduation rates (adults) rose 15.5 percentage points to 54 per cent in 2010. Between 2006 and 2009, the proportion of children not in school fell 3.5 percentage points to 14.4 per cent. The new K-12 curriculum will aim to address a number of issues in the country's educational system.



More than 4 in 10 workers are in “vulnerable employment”, and growth in wage employment has been slow

Young people are disproportionately affected by unemployment; many are out of education *and* work.

Women’s share of non-agricultural wage employment is rising

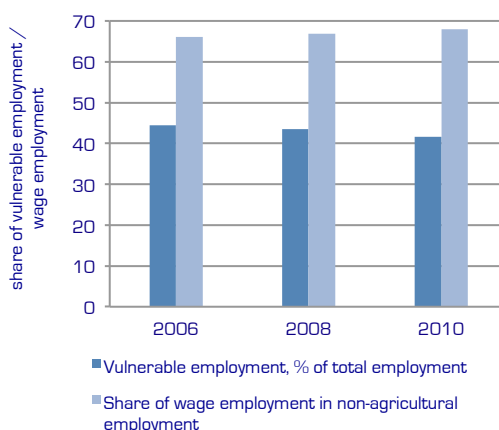
The overall gender wage gap is low but varies significantly by occupation

2010 to 46.3 per cent.

Vulnerable employment (the sum of own account workers and contributing family workers), much of which lacks the core tenets of decent work, remains high at an average of 40 per cent. In the same period, growth in wage employment as a share of total non-agricultural employment has grown only slightly.

Joblessness has a disproportionate effect on youth and the educated, while a quarter of young people (aged 15 to 24) are simultaneously out of work and out of education.

Share of vulnerable employment in total employment / wage employment in total non-agricultural employment



Key stats (2010)

7.4%

Unemployment rate

17.6%

Youth unemployment rate

25.2%

Share of youth not in employment & not in education (NEET)

42%

Share of women in non-agricultural wage employment

42.2%

Female share of employment in prestigious occupations (ISCO-88 category 11 & 12)

18.2%

Share of female employees in low pay (less than 2/3 median hourly wage)

Rights at work

Equal opportunity and treatment in employment

The share of women in non-agricultural wage employment has risen since 1995, in part owing to legislation aimed at promoting women’s rights at work, but remains under 50 per cent.

The female share of total employment also rose, from 36.4 per cent in 1995 to 39.2 per cent in 2010.

The gender wage gap –the percentage difference between women’s and men’s basic pay as a percentage of men’s basic pay- is low when looking at all occupations, but varies considerably between occupational groups.

Work to be abolished

The current labour force survey does not capture “child labour” as per international definitions, only children in economic activity. The 2011 Survey on Children improves this situation with new queries on child labour, including hazardous forms.

The percentage of children aged five to 17 in economic activity has fallen more than two percentage points between 2004 and 2010, although there is considerable disparity between boys (9 per cent in 2010) and girls (5.4 per cent in 2010).

Moreover, the high proportion of working children not attending school (54.8 per cent in 2010) and children working as labourers and unskilled workers remain serious concerns.



Average real daily basic pay has been declining

Working poverty remains high, as does the share of people in 'low paid' work

A quarter of workers face excessive hours

Women remain most likely to be economically inactive

'Precarious work' remains widespread

Improved regulation and enforcement has improved safety and health standards

Conditions at work and social protection

Adequate earnings

Slow progress in realizing adequate earnings is a major obstacle to decent work in the Philippines. Average real daily basic pay declined in the decade to 2010 (see chart below), as pay rates failed to keep pace with inflation.

Aside from a dip in 2005 and 2006, the share of low-paid employees in total employment has remained unchanged at around 14 per cent since 2001. Working poverty remains high at 22.4 per cent in 2009 (using a revised 2011 methodology for measuring poverty)

While working poverty is lower among women than among male workers, the opposite is true for the proportions in low pay (the female share is higher).

Decent hours

The share of workers in excessive hours (in all jobs) is high but has fallen slightly from 26 per cent in 2005 to 24.6 per cent in 2010. On average, women worked slightly longer hours than men, whether in their primary job or in all jobs.

Excessive hours (in primary jobs) are most common among the self-employed: in 2010, 29.5 per cent were working more than 48 hours per week. A key factor in this may be the growing skills-jobs mismatch in the country.

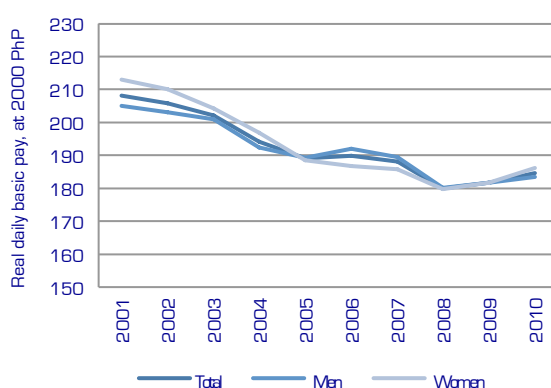
Work-life balance

There has been a rising share of men and a declining share of women who are becoming economically inactive –although women remain most likely to be in this situation. It was also noted that while the proportion of married men who were employed has remained unchanged, a growing proportion of married women are now in employment.

Stability and security of work

There remains instability and uncertainty of work for both women and men, although data suggests men are most affected. In 2010, nearly 15 per cent of all workers were in "precarious work" (i.e. casual, short term, seasonal or worked for different employers on day-to-day or week-to-week basis).

Real daily basic pay (2000 Philippine Pesos)



The share of population covered by national health insurance has improved over the past decade to almost 75 per cent in 2010.

Key stats (2010)

14.5%

Share of employed workers in low pay (less than 2/3 of median hourly basic pay)

14.6%

Share of employees in "precarious work"

24.6%

Share of employees working "excessive hours" (48hrs+/wk)

Safe work environment

Since the late 1990s, improved regulation and enforcement has helped improve occupational safety and health conditions. Non-fatal injuries fell from 14 per 1,000 employed in 2000 to six in 2009, however, there remains a high incidence of occupational diseases and the declining ratio of labour inspectors to workers is concerning.

Social Security

The share of population covered by national health insurance has improved over the past decade to almost 75 per cent in 2010.



More people are covered by national health insurance

But pension coverage remains low

There has been a dramatic recent decline in union membership

New institutions and industry practices have improved social dialogue

Expanding decent work opportunities in agriculture will be important

A coherent national industrial policy is needed

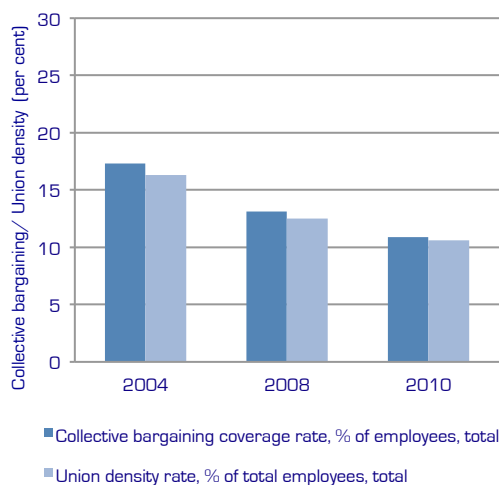
However, there is a low share of the population over the age of 60 receiving a pension, and a large proportion of the self-employed do not contribute to the social security scheme.

Social dialogue

As in many other countries, there has been a dramatic decline in union membership in the 10 years to 2010. Union density rates fell from 30.5 per cent in 1995 to 10.6 per cent in 2010. Between 2003 and 2010, collective bargaining coverage also fell by almost half to 10.9 per cent.

Yet some progress has been made in advancing social dialogue and tripartism, most notably through national and industry tripartite councils (which rose in numbers between 2003 and 2010), as well as the institutionalization of industry voluntary codes of practice.

Union Density and Collective Bargaining Coverage is declining (2004-2010)



1. Agriculture still employs a third of all employed people but remains in need of investment to raise productivity and incomes, and widen employment opportunities, including through agribusiness development. Integrating the decent work dimensions of wages, workers' rights, social dialogue and promotion of green jobs are ways to ensure such investments have sustainable benefits both to the rural poor and to the goals of equitable growth and development in the country.
2. Future job creation in the Philippines also depends on the development of a sound industrial policy. Under such a policy, economic (sub) sectors with strong upstream and downstream linkages (and thus, economic multipliers) in the domestic economy and large employment potential (of decent work) can be prioritized, through investment promotion policies and a focus on industry-relevant skills development.
3. Labour standards and rights at work should not be compromised. Strengthening and building on existing channels for such dialogue (tripartite

Key stats (2010)

6.1

No. of non-fatal injuries per 1,000 employed persons (2009)

1.5

No. of labour inspectors per 100,000 employees (private sector)

15.2%

Share of population aged 60+ benefitting from a pension

74%

Share of population covered by national healthcare insurance programme

Where next? Policy implications

The need to explicitly pursue decent work as a means to reduce poverty and achieve sustainable, greener and inclusive development is now clearly recognised in national development frameworks, including the Philippines Development Plan 2011-2016. However, various inter-connected policies are still needed to strengthen the linkages between growth, employment, and poverty reduction.



Labour standards and rights at work must be protected

Vulnerable workers need economic and social security

Supply and demand side employment policies are needed

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councils and industry and firm-level codes of conduct, for example) will help balance competing interests in the workplace, improve industrial relations, and promote an environment conducive to both productivity growth and a fairer distribution of the gains of Philippine growth and development.

4. Enhancing economic security and promoting productive employment opportunities for the vast numbers of vulnerable workers is also a key goal, and something that can be achieved in part by a more comprehensive and coherent social protection system. By providing basic income in the case of unemployment, illness and injury, old age, invalidity, and family responsibilities, social protection can reduce vulnerability and exposure to risk at the individual and family level, whilst at the same time providing an important economic stabilizer in times of economic distress.
5. A balanced approach, combining both supply and demand side initiatives, is critical to addressing the employment challenge, particularly among the youth. Interventions that boost access to and the quality of training services, job placement, counseling, and for promoting entrepreneurship (linked to microfinance and business service providers) are necessary to tackle the jobs-skills mismatch issue. At the same time, such initiatives should also fit within national employment and investment strategies to enhance the business environment and support the growth of enterprises and industries (particularly in the manufacturing sector, the growth of which has lagged to date) with high employment potential.