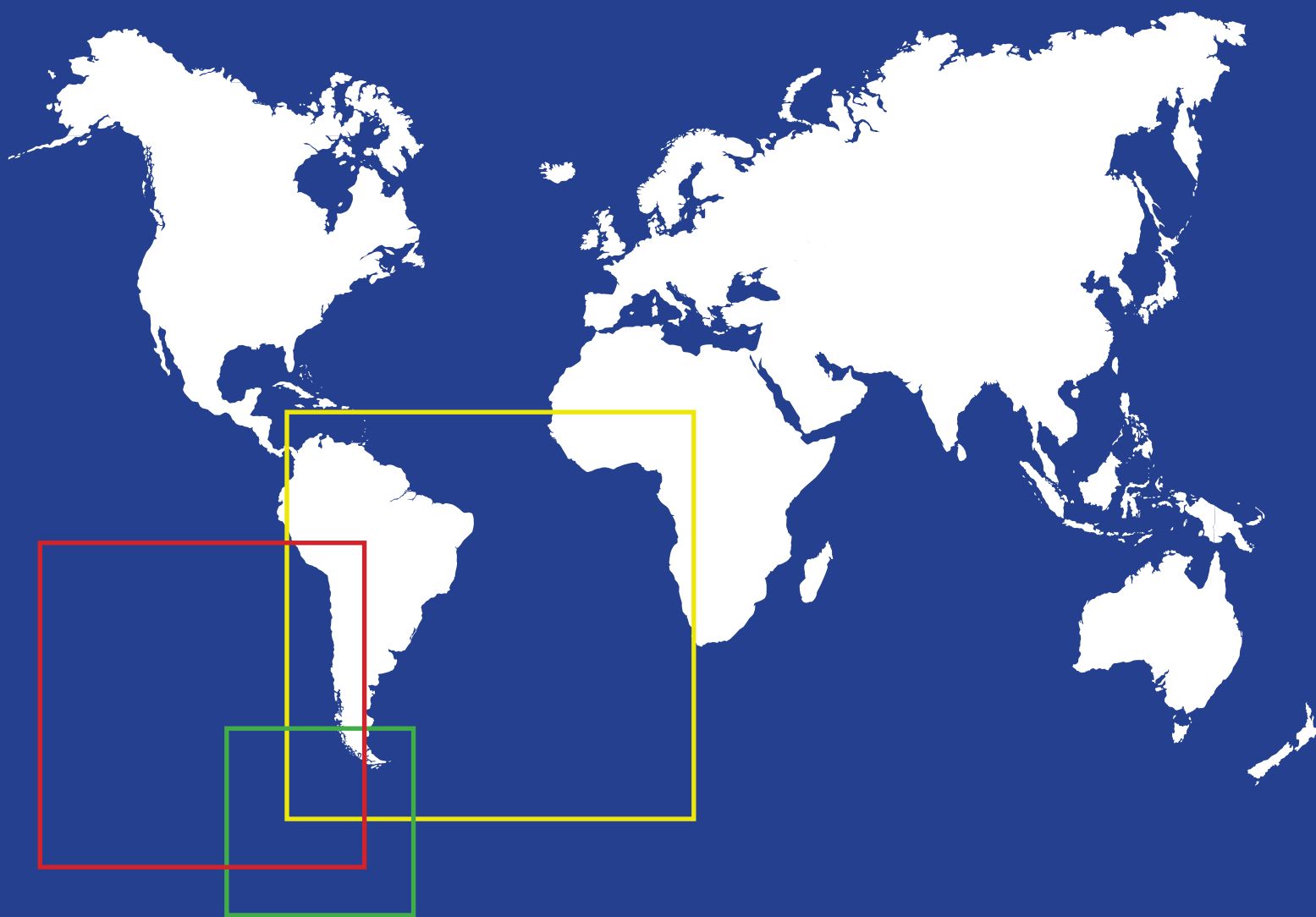




International
Labour
Office

Decent Work Country Profile The PHILIPPINES





ILO/EC Project
“Monitoring and Assessing Progress on Decent Work (MAP)”

EXECUTIVE SUMMARY

DECENT WORK COUNTRY PROFILE
PHILIPPINES

International Labour Office
Geneva

Summary

After two decades of underperforming, the Philippine economy has in recent years returned to a respectable rate of GDP growth not seen since the 1970s. Similar gains have also been observed for labour productivity, which in 2010 grew at its highest rate (4.7 per cent) since 2000. The resurgence of growth, however, has not been broad-based or inclusive, having instead benefitted only a small segment of the population. Moreover, notwithstanding the possible “buffer” provided by consumption-led growth through remittances and services, the country’s recent economic performance has remained inferior to many of its Asian neighbours.

In employment terms, recent years have seen the structure of the economy change somewhat, with labour increasingly leaving the agricultural sector and employment shares growing in the service sector. Industry, meanwhile, has continued to stagnate, with its share of employment slipping to 15 per cent of total employment. This trend in particular has set the Philippines apart from several of its ASEAN neighbours, with the lack of a solid – and growing – industrial base attributed by some as the root cause of the country’s high unemployment and sluggish rates of poverty reduction.

The Philippines Development Plan (2011 – 2016), which provides the strategic policy framework for the country, places emphasis on inclusive growth through decent and productive work. However, the highly skewed income distribution pattern and the rapid population growth rates of earlier decades as yet makes it difficult for the country to achieve its poverty reduction goals. The robust expansion in overseas employment has to some extent offset the deficit in domestic employment growth but there has been minimal progress in terms of wage share in GDP, investment ratio and female share in total employment. At the same time, however, price inflation has been largely contained. Improvements have also been seen in the rising trend in the adult secondary school

graduation rate and functional literacy rate. Other positive developments include the steady decline in the proportion of children (5–17 years old) who do not attend school, as well as the continued low incidence of HIV.

The Government has declared the promotion of full employment as a state policy as stipulated in both the Constitution and the Labor Code. The Philippines has also ratified the Employment Policy Convention, 1964 (No. 122), which further supports the country’s commitment to employment. However, this enabling policy environment for full employment has not translated into job creation. The employment-to-population ratio (EPR– related to the MDG indicator on employment) stayed virtually stagnant throughout the 16-year period. This shows that employment generation barely caught up with the growth in the working-age population. Similarly, labour force participation rates (LFPR) and unemployment rates (based on the new data series) remained relatively unchanged, with the latter being a problem largely affecting the youth and the educated. Added to this, is the significant proportion of youth who are neither in education nor in employment. With the working-age population projected to grow by around one-and-a-half million annually in the next ten years, generating new employment opportunities to ease the problems of unemployment and underemployment will raise major concerns. Those who are becoming unemployed have no minimum safety net as the country has no unemployment benefit/insurance available for them and employment services, both public and private, are not always efficient and accessible.

Nevertheless, some gains can be noted in terms of the marked increase in the share of wage and salary workers in total employment, mostly in services, bringing about a corresponding reduction in the share of self-employment and unpaid family work (related to the MDG indicator on vulnerable employment). Furthermore, more employment

opportunities were opened to women. This can be seen by their slow but rising trend in the employment-to-population ratio and the increasing share of females in non-agricultural wage employment (also related to the MDG indicator on employment).

There has been no recent progress in the Philippines as concerns adequate earnings and productive work. Average real daily basic pay has been declining over time, indicating that workers' pay has not caught up with price increases, while the manufacturing wage index has exhibited a similar trend. As a consequence, the proportion of low-paid employees to total employment remained unchanged between 2001 and 2010, with the exception of government workers who posted markedly low proportions compared to other groups of employees. The latest statistics (2006) on the working poverty rate (also related to the MDG1b indicator on employment) have similarly made no progress since the preceding decade. This implies that a significant proportion of workers in the country receive earnings that are insufficient to meet their basic daily needs and elevate themselves above poverty. Data also show that while the working poverty rate was lower for female workers, the proportion of low-paid women employees was higher than for male employees in the same situation.

There are mixed results with respect to decent hours. The proportions of men and women who work excessive hours, considering all jobs, declined slightly between 2004 and 2010. On the other hand, the proportion of employed men who work excessive hours in their primary jobs decreased marginally over the years, while that for women has slightly increased. Likewise, the share of women employed to the total of employment with excessive hours has grown over the years. On average, women worked slightly longer hours than men, whether in their primary job or in all jobs they may have.

The self-employed comprised the highest proportion of workers engaged in excessive hours of work in their primary jobs. On the other hand, wage and salary workers comprised the biggest percentage share of workers to the total of employment with excessive hours in their primary jobs (they also reported the longest work-week hours).

With around 20 per cent of the employed wanting additional work, underemployment remains a concern, and one that has been more serious than unemployment through the years. With limited employment opportunities, insufficient earnings and high poverty rates, the bulk of the working population could not afford to be out of work and had no choice but to engage in some form of economic activity, no matter how little or inadequate.

Visible underemployment rose slightly in the 16-year period since 1995 (10.2 per cent to 11.1 per cent). This is in contrast to time-related underemployment over the shorter time period between 2005 and 2010 which was on the decline (11.8 per cent to 9.6 per cent). It should be noted, however, that these statistical indicators have different definitions.

As regards combining work, family and personal life, a rising trend in the proportion of men becoming economically inactive due to household/family duties was observed which was contrasted by the declining trend found in women in similar situations. This could suggest that men are now sharing in these duties, which represents a break from tradition. It was also noted that while the proportion of married men who were employed has remained unchanged, a growing proportion of married women have entered employment. On the downside, an increasing trend of economic inactivity was observed among young women and men aged 15 to 24 years old and this was accompanied by a high proportion of youth who are neither in school nor in employment, particularly among young women.

Family structures have also been changing, with a decline in the proportion of employed men who are household heads, and an increase in the proportion of women who take on this role.

It is also noted that a large proportion of establishments in the non-agriculture sector, employing at least 20 workers, have implemented some flexible working time arrangements and various child and family care programmes. They have even granted non-statutory leave benefits to their workers enabling them to attend to personal and family concerns. This reflects the recognition of the impor-

tance of maintaining the balance between one's work life, family and personal concerns acknowledging that such arrangements could lead to a more productive and effective work environment.

As concerns work that should be abolished, there was slight progress in reducing the economic activity rate of children 5 to 17 years old in recent years for both boys and girls; in 2010, 9.0 per cent and 5.4 per cent, respectively and across age groups. In addition, the high proportion of working children who currently do not attend school (54.8 per cent in 2010) despite free basic education and compulsory elementary schooling, as well as the issue of children working as labourers and unskilled workers, all remain serious concerns. Added to this, are the children who are engaged in domestic work – 9.8 per cent in 2010. There will be an attempt to better capture child labour in statistics through the 2011 Survey on Children and by including the age group 5–14 in inquiries related to working hours in the Labor Force Survey.

While security of work is a basic right under the Philippine Constitution and provisions on job security are enshrined in the Labor Code, instability and uncertainty of work continue to persist for both women and men, with women worse affected as the wage gap of short-term/seasonal/casual workers has been widening through time. The problem is most apparent in industry (particularly in construction at 40 per cent in 2010) as the proportion of its employees in precarious work, based on the Labour Force Survey (LFS), is twice that in agriculture and services. It is also the only sector where the deficit is growing over time. With respect to equal opportunity and treatment in employment, the various pieces of legislation to promote the interests of women at work have led to a growing share of women in total employment and in non-agricultural wage employment. Although gradual, considerable improvement in women's share in managerial occupations and a decreasing tendency of the labour market to be segmented on the basis of sex are observed. However, wages still remain a concern. While the all-occupation gender wage gap remained low, progress in favour of women was quite erratic. The fluctuating gaps in each occupational group indicated variability in the wages of women and

men over time. Laws, policies and programmes need to carry out gender analysis with a thorough assessment of the possible effects on women and men. Furthermore, the policy environment should guarantee equal opportunity and treatment for both women and men.

As regards the safety of the work environment, the regulatory framework on labour standards enforcement of 2004 and various programmes implemented since then which are aimed towards a safe work environment have largely contributed in creating a safer work environment. This is evidenced by the sharp decline in the incidence rate of occupational injuries, both fatal and non-fatal. Also, the average days lost due to temporary incapacity cases remained manageable. However, this achievement is negated by a high incidence of occupational diseases and the low and declining labour inspectors' ratio.

Considerable progress has been achieved in the share of the population covered by the national health insurance programme (74 per cent in 2010) and it seems the country might be able to achieve the target universal coverage by 2016. However, this stands in contrast to the increasing trend in healthcare expenditures financed out of pocket by private households which indicates that government and other institutions have been disbursing proportionally less of total healthcare spending than private households/individuals have been spending on their own.

Decent work deficits have been noted in the minimal share of social security benefits in GDP (1.7 per cent in 2009) and the low share of the economically active population who have been contributing to the Social Security System (SSS) and the Government Service Insurance System (GSIS) pension schemes. This has translated to a low share of the population aged 60 years and over benefiting from a pension. It should be noted that a large proportion of the self-employed, who accounted for about 30 per cent of the total employed, have not been SSS contributors.

With regard to social dialogue, workers' and employers' representation, of significant importance is the dramatic decline in union membership and Collective Bargaining Agreement (CBA)

coverage which defined the labour market in the period under consideration. This is a global phenomenon and not unique to the Philippines. Nevertheless, social dialogue on issues of mutual concern have taken new directions through the formation of national and industry tripartite councils, and recently through the institutionalization

of industry voluntary codes of practice. Responsive conciliation and preventive mediation mechanisms have been adopted which aim to attend to strike notices before these materialize into actual strikes and have contributed to the relatively lower incidence of actual strikes and thus fewer work disruptions.