

Interdepartmental Project on the Urban Informal Sector

PHILIPPINES



Assessment Report Series No. 5

Snapshot of Working Conditions in the Urban Informal Sector

Inse Ma. Batino



INTERNATIONAL LABOUR ORGANIZATION
South-East Asia and the Pacific
Multidisciplinary Advisory Team
(ILO/SEAPAT), Manila

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1507

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DOCUMENTATION CENTER**

2148
PMI
08.02.2
JNT
No. 5
1996



PREFACE

This report is part of a series of publications prepared in the context of the Interdepartmental Project on the Urban Informal Sector (INTERDEP) launched by the International Labour Organization in 1994. This is a pilot project which covers three major urban centers: Dar es Salaam (Tanzania) in Africa; Bogota (Colombia) in Latin America; and Manila (Philippines) in Asia.

The INTERDEP uses a comprehensive approach to informal sector development, covering all aspects of direct interest to informal sector promotion, e.g. basic statistics, policy and regulatory environment, access to productive resources, and informal sector associations. It further includes those concerns not usually taken into consideration in traditional informal sector development programmes; namely, improving working conditions, promoting the social protection of workers, reducing child labour, all with a view to progressively extending international labour standards to cover the informal sector.

The project has been designed in such a way as to ensure the full participation of local partners at every stage of the implementation. For this purpose, the Project Advisory Committee (PAC) was formed. It is made up of representatives of government agencies, local government units, employers' and workers' organizations, non-government organizations, financial institutions, and grassroots associations. The Department of Labor and Employment chairs the PAC.

It is hoped that the successful implementation of the INTERDEP would contribute to the growth of competitive and profitable informal sector enterprises, paving the way for their gradual integration into the formal and organized sector of the economy.

This report provides some baseline information on working conditions in the informal sector (e.g. work area, shop floor arrangements, work posture, ventilation, lighting, etc.). It then suggests a number of simple interventions which could substantially improve working conditions, and makes specific recommendations for adapting the ILO approach for improving working conditions in small enterprises (Work Improvement in Small Enterprises - WISE) to the specific characteristics and needs of the informal sector.



The ILO is grateful to Jose Ma. Batino for his work. This report also would not have been made possible without the assistance and cooperation of the PAC members as well as of those working in the informal sector who have accepted to participate in the preparation of this study. Lastly, the ILO is thankful to the Government of the Philippines and particularly to DOLE, for having accepted to host the INTERDEP and for their continuous and generous support.

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REPORT OF THE FINDINGS OF THE CHECKLIST EXERCISES

1. Introduction

The report dwells, even though on a limited scale, on the actual working conditions of the urban informal sector in the context of technology which has been proven to be an effective tool in improving the lot of small enterprises.

It is hoped that this study will pave the way and possibly serve as a springboard in considering potential areas for action-oriented interventions like the Work Improvement in Small Enterprises (WISE) approach even in a sector which has been described as the "underground economy". Interventions of this nature would be very timely particularly now that this sector is fast growing and becoming more disadvantaged with upcoming trends in competitiveness and flexibility.

2. Analysis

The conditions of the workplace in enterprises visited for this study are essentially the same as in most of the small enterprises covered under the priority industries of the WISE project. From simple housekeeping, work posture, to safe use of equipment, this study presents identified problem areas and areas for action.

2.1 Problem Areas

Work area

Production space is limited. The production area is essentially a portion of the owner's residence and some operations are even performed outdoor. Normally, all operations take place in an area about 15-25 sq.m. The owners feel there is no scope for capitalizing on the available work space.

Shopfloor arrangements

Existing shopfloor arrangements are very disorderly. The shopfloor has become the dumping ground for almost everything - tools, raw materials which cannot be accommodated on small work tables and benches, scrap and empty containers. Tasks are also performed on the floor. On the part of the workers, there is no initiative to put things in the proper order because in doing so they would be losing valuable work time leading to work disruptions. Exits maybe visible but the passageways leading to these exits are usually cluttered with obstructed such as wiring installations and hose/cables of machines.

Work posture

Awkward work positions (e.g. bending, squatting and lying under cars in auto repair shops) are common in these enterprises. Stools and benches are not of the proper height and work items are processed at times directly on the floor.

Workers are forced to work in these uncomfortable positions for several tasks in the span of an hour.

Ventilation and lighting

The structure of workplaces usually have the front areas open with the back or side wall adjoining one of the walls of the owner's residence or rented home. Side walls do not have windows but some have openings at one side near the roof.

During summer months the heat is felt more in the workplace because of the lack of windows/openings for air to circulate. The heat absorbed by the roof is given off directly to the work area due to the absence of a ceiling. Direct sunlight also heats up the front area.

The workers occupying the front area and those performing tasks outdoors are also exposed to direct sunlight.

The use of skylights is not common among enterprises visited. Owners feel that the lighting coming from the front area and the illumination from two or three fluorescent lamps is sufficient. They are unwilling to consider the use of skylights except when some of the corrugated metal roofing material needs to be replaced. They assume that skylights are not as durable as the metal roofing.

The unpainted walls and the not so well-maintained lamps and fixtures also affect the lighting conditions in the work area.

Pollution concerns

The practice of moving the operations which are sources of pollution (e.g. welding and painting) outside premises raises some issues that relate not only to the safety and health of the workers but also of the passers-by and neighbours. On the other hand, because the enterprises are along main thoroughfares, pollution from the streets also affects the workers.

Essential facilities for workers

There is much scope for improvement in terms of facilities for workers. Generally, there are no wash areas, lockers where workers can store their belongings, and eating areas. The owners are quick to say that they offer their home's facilities to their workers because they treat these workers as part of their family. They also say that the workers live nearby and often prefer to use the comfort of their respective homes.

There is lack of sensitivity to proper health care/hygiene. Owners and workers feel that there is no need for emergency medicines considering there are small drugstores nearby. And in case of accidents, clinics are just a stone's throw away.

In several of the enterprises visited the supply of water is also a big problem.

Concern for safe operations

The prevalent attitude among owners and workers is the lack of regard for safe operations and emergencies. There are attempts to use protection (e.g. use of dark glasses for welding operations) but not the appropriate ones.

The workers say that the chemicals they use (e.g. paint, paint thinner and diesel or gasoline for degreasing) are not hazardous. On fire protection, in enterprises visited only about 30 per cent had fire extinguishers.

Generally, the use of *pakiao* system of paying the workers makes the working time and work habits of workers irregular. If other jobs are available to them or are already scheduled the workers tend to rush work operations unmindful of their safety. The owners on the other hand exhibit a complacent attitude regarding the risks involved in this.

2.2 Areas for Action

Reclaiming/Recovering space

Proper layout and a more systematic way of storing/handling tools, raw materials and scrap through the use of portable tool box and storage racks could reclaim lost shopfloor space. Use of storage racks constructed against the walls could be space-saving and could maximize the use of the wall space. Since there is no designated areas for workers the use of portable tool boxes is very practical. The installation of overhead wiring installation is also an option to improve the cluttered floor.

Protection from heat

The construction of a ceiling could minimize the heat coming into the factory. The provision of windows and openings in the roof could improve air circulation. As for protection against direct sunlight, the construction of a canopy above the front area or probably the use of nylon/canvass tent as shades could be done. The tent could be assembled, removed and washed. Painting inside walls and roofs could minimize heat absorption. Painted walls could also improve lighting conditions in the work area.

Improving work posture

Use of chairs with backrests and applying the principle of "elbow room" could correct the strenuous work positions of the workers. As for auto repair shops, specially-designed ramps could be built where cars/jeepneys could be temporarily parked while under chassis repair work. A cushioned mat could be placed on the ground between the ramps.

Improved lifting apparatus

In construction sites visited where lifting is done manually, some improvised lifting apparatus could be temporarily set up for passing buckets of cement to a worker at a higher level.

Provision of essential facilities

Although facilities may be present within the neighbourhood (e.g. nearby drugstores/clinics and owner's/worker's home) the owner of the enterprise cannot always rely on these sources. Emergency medicines are not always available in small drugstores.

Changing attitudes towards safety and health

This is where interventions would come in use. Players in this sector have to realize the importance of safety and health. Some of these enterprises have been visited by labour inspectors. They are also not aware of existing programmes of private or government agencies which they could avail of.

3. Recommendations

3.1 Applicability of the WISE Checklist

Generally, the WISE checklist was found to be applicable in the enterprises visited although some revisions/modifications could be done to more accurately address the conditions of the workplace.

o *Compress the checklist to come up with a sub-checklist* - Some items in the different technical areas maybe taken out to compress the checklist or to develop a sub-checklist in order to make it more applicable to enterprises in the informal sector. Some of the points to consider are the following:

- Cranes and conveyors are not used in these enterprises. Even the use of pallets is not common.
 - Mobile storage/mobile work benches are not practical for use because of the conditions of the floor (i.e. uneven surface or rough) of the enterprise. There is not much room for movement because of the limited production area.
 - Only simple machines are used. Feeding and ejection devices are not critical. Sometimes, even machine guards would not be a point of issue.
 - Housekeeping remains an area where a lot of improvements could be done. However, marking passageways may not be practical at all because of the limited space, the practice of not designating a
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specific area for a worker/operation and the ease with which the plant layout could be altered.

- o *Modify the checklist* - The existing practices and workplace conditions and the peculiarities within the area or location of enterprises could be significant in modifying the checklist to make it more applicable for a particular type of enterprise. Some of the points to consider are as follows:

- Operations which are sources of pollution are performed outdoors. The hazards of the operations extended to nearby areas. Working outdoors is also hazardous for the worker because he is directly exposed to the pollution coming from the busy streets.
 - Workers do not stay in one position because the operations are relatively short ones.
 - Workers live nearby. They prefer to go home during breaks to change, eat and wash.
 - Because of the noise coming from outside, music may not be an effective way of addressing fatigue and boredom.
 - Common chemicals used are just paint, paint thinner and diesel or gasoline for degreasing.
 - There are small drugstores, clinics, dealers of auto parts and suppliers of construction materials within the neighbourhood.
 - The owner of the enterprise is very paternalistic. He treats his workers as part of the family and allows them to use his home's facilities including the bathroom, rest area and access to cold drinking water.
 - The existing payment scheme for workers is the pakiao system. This affects the working time and habits of workers.
 - Customers buy the raw materials based on the specifications of the owner of the enterprise. Inventory turnover rate is fast and all these materials go into the production process. There is no allowance for wastage. Sometimes, the materials are not sufficient.
 - The owner does everything. He is also one of the workers. Given this, he could be more sensitive to some changes/improvements in the workplace.
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3.2 Potential for Interventions

There have been studies, mostly in the form of surveys which have been done on the informal sector. Their analysis mostly evaluates the plight of this sector and relates it as such to the social and economic implications both at the micro and macro level. The results of these studies have not led to more concrete and clear-cut policies and programmes that would address the problems on workplace conditions of this sector.

But clearly, the working conditions of this sector are a viable option for direct interventions by agencies (private and government). The programmes would have to be simple, not adopt the regulatory approach and be results/action-oriented.

Offhand, there may be a need for policy revisions or perhaps new policies. These policies should give direction/focus to existing programmes that could be channelled towards this sector. The policies should also pave the way for the institutionalization of these programmes.

The policies could be teamed up with needed structural changes or system modifications. For example, in labour inspection, the number of inspectors would have to be augmented. Labour inspection policies would have to cover the informal sector and perhaps the WISE approach could be one of the tools that could be part of the overall strategy.

Although on impulse the sector prefers possible conduits for obtaining loans/additional funding, with proper orientation, it could also be made to respond to programmes that would help it improve working conditions and productivity, especially if these programmes are for free.

Resources and efforts of various agencies would have to be pooled to come out with developmental and result-oriented programmes. The sector must feel the honest intentions of these agencies. Possibly, the programmes would have to be made to trickle down to the local level.

Annex 1

LITERATURE SURVEY

A Background Paper on the Informal Sector in Metro Manila

Institute for Labor Studies (ILS)

Department of Labor and Employment, Manila, June 1994

The background paper provides a sectoral overview on the poverty situation, concentration or distribution of the informal sector in terms of industry, economic conditions and areas (i.e. urban), characteristics of Metro Manila as an urban centre, trends in employment and earnings patterns in Metro Manila, role of the informal sector in economic development and the size of the informal sector.

The paper also deals with issues and concerns regarding informal sector - it constitutes "the poorest of the poor", low levels of education and skills, the sector activities lie beyond the scope and reach of government legislation and regulation, terms and conditions of work are flexible but substandard and exploitative, no formal contracts, vulnerable to harassment and pressure, regulation covering women and minors are not religiously observed, absence of monitoring and regulations of the work environment.

The profile in terms of classification of available current public and private sector activities/programmes in the informal sector is also given by the ILS paper.

The paper also enumerates steps and recommendations towards achieving a coherent strategy for the sector. Some of the recommendations are the following: programmes are to be focussed on the needs of the informal sector; distinction should be made between the household enterprises where the head works by himself or gets assistance from family members, programmes must consider the differences between the heads of enterprises and their workers and there should be distinction between types of activities that are marginal and those that could be economically viable. The paper also views that programmes are better coursed through local governments which have close ties with the sector and that these programmes should allow movement from the informal to formal or less informal sector with little friction and create a competitive environment without favour or disfavour to any particular class.

The Informal Sector in Greater Manila Area, 1976: An Overview

Discussion Paper: J. Gonzalo and J. Castro

U.P. School of Economics, Diliman

The paper describes the informal sector in terms of its organizational and operational characteristics. The impact of these characteristics upon an enterprise's productivity, employment and income generating power are revealed in the study. The paper also explores policy measures to enhance the participation of informal sector enterprises in realizing society's income and employment goals.

A sample of 3500 enterprises in the Greater Manila Area was surveyed from March to May 1976. The sample was obtained from the 1972 and 1975 Census of Establishments of the National Census and Statistics Office.

From the data, the following were gathered: the sector is characterized by self-reliance, a quality that should be enhanced further and that the government affects the sector in three ways - registration, tax collection and relocation.

Policy suggestions offered by the study include policies that, could address contraction or shrinkage of the sector and the transfer of its players to more productive and better income generating activities; policies that make no attempt to produce mergers or conglomerates except possibly on a selective basis; policies that could relax or eliminate restrictions or improve the quality of resources in the sector; develop skills for various craftsmen and processes; and consider subsidized assistance.

The Urban Informal Sector in Metro Manila: A Macro Perspective

Unpublished paper: presented by Ruperto Alonzo at the ILS/DOLE - ILO/ARTEP Workshop on the Informal Sector, January 1989.

The paper reviews the different typologies of how urban labour markets function in the context of the observed dichotomy between a high-wage formal sector and a low-wage informal sector. Two contrasting views of the informal sector are brought up : 1) the sector as a haven for disguised unemployment; and 2) the sector as behaving efficiently within the given constraints that it faces, with workers receiving the value of their marginal product.

The paper also gives trends in urban poverty, employment, employment and earnings patterns in Metro Manila. It discusses small sample surveys conducted on the informal sector. The various findings of the surveys throw light on characteristics of the sector and insights on the socio-economic and labour force characteristics of an important segment of the urban poor, description of linkages with formal sector and the effects of certain laws, and regulations on the livelihood of certain groups within the sector like the hawkers and vendors.

Papers presented at the Policy Workshop on Social Protection for Workers in the Informal Sector, Regional Center for Education Innovation and Technology (INNOTECH), Quezon City, 30 August - 01 September 1994.

Note: A description of each paper is given below:

1. The Pursuit of Social Protection and the Workers in the Informal Sector
Josefino I. Torres, Director, Bureau of Rural Workers, DOLE

The paper in part tackles the responsibility of the state in ensuring the social protection of workers in the informal sector as well as in the modern sector

which involves the formulation of an appropriate legislative framework and creation of the means to enforce it. Programming of resources and its reconciliation with the needs, policies and priorities and the coordination of government implementing agencies should take place. In particular, the paper suggests that the efforts to promote employment in the informal sector should complement the provisions for a safe working environment and basic social protection against sickness and loss of income.

2. A Review of Non-Conventional Social Protection Schemes for Workers in the Informal Sector

Jose C. Gatchalian, Ph. D.

The paper deals with the so-called non-conventional approaches and measures that could be considered alongside conventional and existing efforts. Some recommendations given in the paper include the following: more participation of the informal sector in policy-making bodies of the government; sustained and comprehensive advocacy programmes; study of the "Communication Needs and Resources of the Informal Sector in the Philippines" to find out access and utilization of informal communication channels, mass media and other forms of communication; establishment of an Information and Referral Center; expansion and intensification of current programmes to instill discipline among the law enforcers, setting up of assistance centres; and a package of training programmes and IEC materials.

The paper considers that the condition of the Philippine informal sector has not yet deteriorated to such a desperate situation hence, conventional and non-conventional approaches to the problem might to be tried and tested.

3. Proteksiyong Panlipunan Para sa mga Manggagawa sa Inpormal na Sektor: Isang Pananaw

Magdalena C. Rono, KABAPA Commission on Industrial and Home-based Workers

The paper has been written in Tagalog. It suggests that unity among homeworkers and self-reliance are the key to their success and growth. Awareness, organization, mobilization, cooperation and sound social and economic programmes are needed at this point.

The paper segments social protection schemes into formal and informal. Formal includes cooperatives and programmes of government agencies. Informal includes practices and traditions like "paluwagan" and "bayanihan".

4. The Need for Social Protection for the Workers in the Informal Sector

Larry M. Manaog

The paper discusses the disadvantages of informalization and the evolution of recognition for the informal sector. It also recommends the following: more in-depth studies about the sector; awareness-building among the members of the sector focusing on the sector's importance as a contributor to the economy; rights, responsibilities and possible opportunities; promotion of the right to self-organization; advocacy efforts; and serious efforts from the government to curb harassments. The paper also emphasizes policy advocacy, social services, socio-economic activities and training and support/programmes. It says that in order to have lasting solutions to the problem, a macro-level perspective should be taken in developing strategies and programmes comprehensively.

5. Social Protection for Workers in the Informal Sector: Opportunities and Challenges

Myrna S. Feliciano

The paper, among others, recommends an approach that would resort to an "integrated" approach covering both employment creation and training. This approach calls for a collaboration of various government agencies. The paper discusses the level of education and skills for those in the underground labour force and suggests that workers have to be trained outside the ordinary education system using methods that are adapted to their needs and capacities as well as available resources. It also recommends that the government should adopt a humanistic approach and recognize the sector's economic activities as legitimate businesses.

The International Labour Organization (ILO) launched the Interdepartmental Project on the Urban Informal Sector in three key cities of the world, namely, Metro Manila in the Philippines, Bogota in Colombia and Dar es Salaam in Tanzania. The project was implemented over a period of two years, 1992-1994, and it involved the combined efforts of ILO's technical departments and field staff as well as its various local partners. Throughout the duration of the project, ILO and its partners explored and experimented with approaches which would enhance the productivity of informal sector operators as well as their access to social security and improved working conditions. Together, they sought to lay the grounds for a consensus on priority action for the development and integration of the informal sector into the organized sector of the economy.

In Metro Manila, the project generated a series of 15 reports based on its assessments, and these in turn were instrumental in conceptualizing the subsequent action programmes. This particular document is part of the assessment report series. The complete list follows.

1. A Monograph on the Urban Informal Sector in Metro Manila
2. A Background Paper on the Informal Sector in the Philippines
3. Report of the ILO Inception Mission to Metro Manila
4. People with Disabilities in the Urban Informal Sector
5. Snapshot of Working Conditions in the Urban Informal Sector
6. Informal Sector: Labour Laws and Industrial Relations
7. A Study of Self-Help Associations in Metro Manila
8. Assessing the Efficiency and Outreach of Urban Micro-Finance Schemes
9. Feasibility Study for the Establishment of a Common Facility Center in Marikina
10. Child Workers in Footwear Manufacturing in Marikina
11. Subcontracting in Metro Manila: Operations and Perspectives
12. Formalization of Enterprises through Registration
13. Process of Formalization and Informalization: Selected Cases
14. Women as Caregivers and Breadwinners: A Report on Community-Based Child Care for Women in the Informal Sector
15. The Urban Informal Sector Survey in Metro Manila: Report on Survey Findings