



Working Paper on:

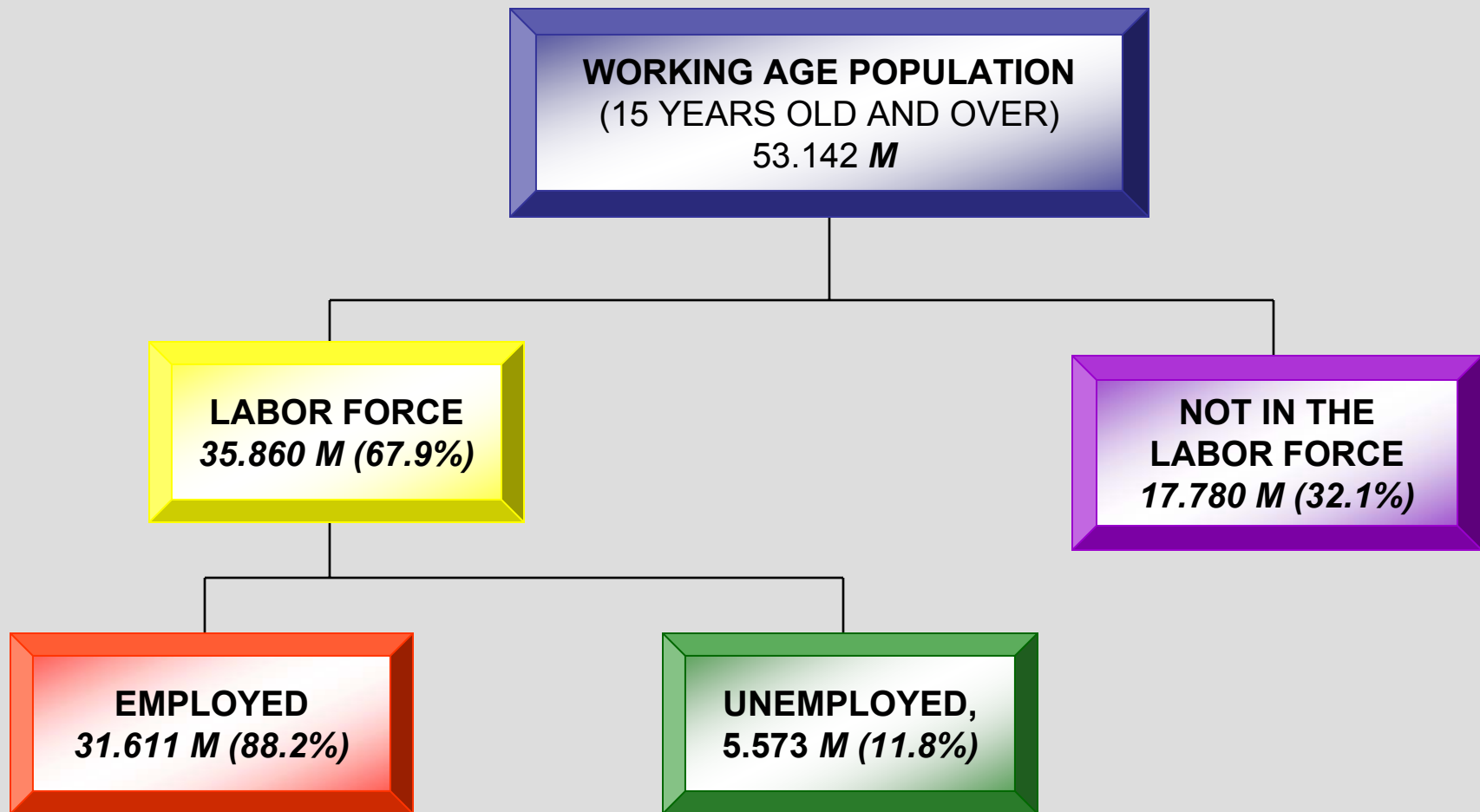
**Employment, Underemployment,
Unemployment & Flexible work:
Realities and Trends;
Issues and Responses**

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**Kimberly Hotel
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Building Blocks of the Philippine Labor Force: 2004





Employment:
realities and trends

ANALYSIS OF EMPLOYMENT DATA (1)



- **Not enough decent work** is being generated by the economy for a **fast growing labor force**.
- The **Index on Decent Work** shows Philippines is **just past the half-way mark**.
- **Investment rates and savings rates are way too low, and economic growth is much too slow**, to generate enough work for all who wants to work.

ANALYSIS OF EMPLOYMENT DATA (2)



- Most of the employed workers are in the unprotected **informal sector**. They are poor; and they remain poor because they are mostly employed in **low quality jobs**, requiring **low skills**, in **sub-profitable firms** operating in the informal sector.
- In the **shrinking formal sector**, 6 out of 10 are employed in *micro and small enterprises*, a third in *large enterprises*, and the rest in *medium enterprises*



ANALYSIS OF EMPLOYMENT DATA (3)

- Economy losing its skilled workers and professionals in critical industries and services to migration and overseas work
- By Sector, the employed are largely, and increasing, in **services** where “low road” flexible work abounds; shrinking in *agriculture*; and static in *industry*, where the more permanent and regular jobs are found.
- By class of workers about half are wage and salary earners; more than a third are own account or self-employed; the remainder are unpaid family workers



ANALYSIS OF **EMPLOYMENT** DATA (4)

- **By sex**, the ratio of **males and females** in the labor force are **about equal**; LFPR higher among women
- **By age**, there are more (65%) matured workers (25-54 years old); with **lower qualifications** (elementary and high school grades equals 72%)
- **Part-time work** (less than 40 hrs./week) **growing faster** (6.7% p.a.) than **full-time work** (2.2% p.a.) even as full-time workers are more than part-time workers



Underemployment:
realities and trends

ANALYSIS OF UNDEREMPLOYMENT DATA



- **Underemployment** remains high (17% in 2003), but down (from 22% in 1998). Visible Underemployment rate about equals Unemployment rate
- By **educational attainment**, underemployment is **most frequent among elementary graduates** (40%), *high school graduate* (29%), and *no grade completed* (21%)
- **Common among the poor** because they have *lower qualifications*, they work in *low quality jobs* and in *sub-profitable firms in the informal sector*



Unemployment:
realities and trends

ANALYSIS OF UNEMPLOYMENT DATA (1)



- **Many** (5.5M) workers are unemployed. **Rate is high** (11.7%).
- **Population growth rate too high** (2.3% p.a.);
- **Labor Force swelling** (3.8% p.a.);
- **Employment growth not enough** (3.6% p.a.)
- **Large unemployment dampens wages and weaken the protective role of unions** among the employed.

ANALYSIS OF UNEMPLOYMENT DATA (2)



- 50% of Unemployed **mostly young** (15-24 years old), **unskilled, inexperienced, males** (60%), **in urban areas** (61%).
- But **better educated** than employed workforce; incidence tending to increase with the years of education.
- More unemployed (in 2003) **are not looking for work** (69%) because: they believe *no work is available* (35%), are *temporarily ill or disabled* (20%) or are *awaiting results of job applications* (16%)

ANALYSIS OF UNEMPLOYMENT DATA (3)

(Survey Results)



Source: Soriano, Teresita (2005)

- Mean weeks looking for work **getting longer**
- **Mismatch** between industry requirements and workers' qualification (education and training)
- Most jobs advertised require some level of **skills proficiency** or at least **6 months working experience**
- **Applicants fail** due to: *failure in exam and interview, poor communication skills, lack extensive work experience, inconsistency between claims and documents submitted by applicants*
- Applicants' **residence far from jobsite**



Flexible work:
realities and trends

ANALYSIS OF FLEXIBLE WORK (1)

(SURVEY DATA)



- **Non-regular work** includes *part-time, casual, contractual, agency-hiring*. **Casual and contractual dominant** in surveyed establishments and across industries and services. **Agency hiring high** in manufacturing, W&R trade, TS&C and F&B Services
- **Number of establishments** employing non-regular workers **increased from 65.5% in 1998 to 86.4% in 2000;**
- **Incidence** across industry groups and among categories of non-regular workers **ranges from 10%-35% of firms' total workforce** (except construction)

ANALYSIS OF FLEXIBLE WORK (2)

(SURVEY DATA)



- **State policy** favors “high road” flexibility; but **firms and government** favor “**low road**” flexibility
- **Non-regular work** increasing but their **employment effect**, positive or negative, is **ambiguous**; **no correlation** between flexibility and productivity growth
- **Negative correlation** between flexibility and **security/quality** of employment
- **Emergence** of **core-periphery** model

ANALYSIS OF **FLEXIBLE WORK** (3)

SURVEY DATA



- **Non-Regular Workers do the same work as regulars but are treated differently:**
 - **They are paid less**
 - **less secure and less socially protected in their work**
 - **Firms use non-regular work to evade statutory cost**
 - **Non-regular work is a proxy to authorized causes of termination**

ANALYSIS OF **FLEXIBLE WORK** SURVEY DATA (4) (*Representation and Social Protection*)



- Only a **few are unionized**, whether integrated with unions or unionized separately
- **Non-regular workers generally excluded in Collective bargaining;**
- **Lower levels of institutionalized social protection**
- **Women less active than men**
- **Overlaps in representation** within and outside the firm level
- **Two streams of representation** emerging; direct (*e.g. unions*) indirect (*e.g. NGOs, party list*)



**Employment, Underemployment,
Unemployment & Flexible work:
Challenges,
Issues and Responses**





PRIMARY CHALLENGE FOR UNIONS

- **Building CAPACITY for promoting DECENT WORK for ALL types of workers**
 - Availability of work
 - Rights at Work
 - Social Protection
 - Social Dialogue
- **Eradicating POVERTY and advocating and working towards a SOCIAL MARKET ECONOMY, DEVELOPMENTAL STATE, and GOOD GOVERNANCE that WILL PROMOTE DECENT WORK**

Availability of Productive Work (1)



| Issues | Responses |
|--|---|
| <ul style="list-style-type: none">• Slow economic growth;• hazy industrial policy;• sub-profitable small & medium scale enterprises• mismatch between industry requirement and workers' qualification• inadequate active labor market interventions | <ul style="list-style-type: none">• rethink industrial policy to protect and promote strategic industries and agro-processing;• balance between protection and liberalization• build better infrastructures: roads and rails, ports and airports, bridges, communication facilities;• policy and program support for SMEs: access to market, credit, technology• reform education sector: improve quality basic education; accelerate competency-based training; ladderize post-secondary and tertiary education within a National Qualification Framework; genuine apprenticeship program• improve active labor market interventions: employment counseling, matching, & placement services |

AVAILABILITY OF PRODUCTIVE WORK (2)



| Issues | Responses |
|--|--|
| <ul style="list-style-type: none"> • Lack of investment • lack of savings; | <ul style="list-style-type: none"> • globally competitive but selective investment incentives that are consistent with a defined and focused industrial policy; • monetary policy: lower interest rates and inflation rates, stabilize forex rate, • Tougher anti-smuggling laws and better implementation of these laws |
| <ul style="list-style-type: none"> • inadequate incomes | <ul style="list-style-type: none"> • pursue social reforms: asset reforms; review of incomes policy; improve anti-poverty programs • increase and expand tax exemptions for low-salaried workers not covered by CBAs; promote collective bargaining and workers' enterprises. • lower prices for “wage-goods” |
| <ul style="list-style-type: none"> • Globally uncompetitive industries | <ul style="list-style-type: none"> • review and support productivity improvement programs and gain-sharing schemes; • reduce cost of doing business: electricity, transport, raw materials; less red tape and corruption • provide safety nets for firms that are restructuring for global competition in selected and prioritized industries |

AVAILABILITY OF PRODUCTIVE WORK (3)



| Issues | Responses |
|--|--|
| <ul style="list-style-type: none">• Rise of flexible and atypical employment• Problem of representation | <ul style="list-style-type: none">• Advocate for a policy of “high road” flexibilization, including salary premium for non-regular or flexible work• advocate for an employment insurance scheme: training levy for training, re-training, upgrading, limited unemployment insurance to smoothen work-to-work transitions• Promote social negotiation and improve social protection, including limited unemployment insurance and family assistance;• improve public active labor market interventions: employment counseling, matching, placement• selectively assimilate core-periphery model in the legal system? (Phil. Sinter Model?)• work towards a multi-tiered CB structure: national, industry-wide and/or craft-wide, company-wide, plant-based. |

Rights at work



| Issues | Responses |
|---|---|
| Violations of CLS and Inadequate conformance to Fundamental Rights at Work | Review, ratify and conform to selected and prioritized ILO Conventions as identified in the Decent Work Programme for the Philippines |
| Labor Code and IRR “inadequate” for the times | Review and amend Labor Code along the “12 propositions” or focusing on decent work, labor standards and administration, labor relations, alternative dispute settlement machinery, social protection |
| Inadequate Corporate Social Responsibility | Support and promote: Global Compact Initiative; the OECD Guidelines on MNCs’ ILO Tripartite Declaration on MNEs and Social Policy; Negotiated Multinational Codes of Conduct |

Social Protection (SP)



| Issues | Responses |
|--|---|
| <p>Limited coverage and inadequate benefits of institutionalized SP</p> | <p>Move for universal coverage; increase benefits corresponding to financial viability</p> |
| <p>Architecture is deficient: limited social assistance and inadequate means-testing; fragmented social insurance scheme; health system emphasizes the curative to the preventive</p> | <ul style="list-style-type: none"> • Adopt a four-tiered architecture: mandatory SA; downsized mandatory DB scheme; expanded mandatory DC scheme; portable and voluntary private schemes. • Emphasize “preventive” rather than “curative” health care program |
| <p>Financial viability of Institutionalized SS and HI</p> | <p>Improve investment yields; Increase premium contributions;</p> |
| <p>Bad Governance of the SP systems</p> | <p>Improve governance; unify or coordinate admin and delivery system</p> |

Social Dialogue

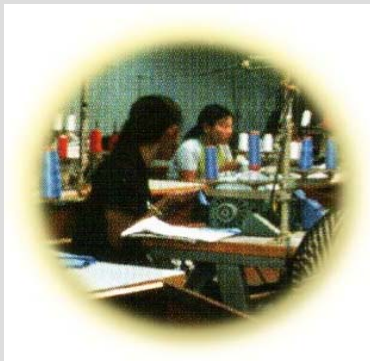


| Issues | Responses |
|--|---|
| <p>Low rate of, and fragmented, unionism; negligible coverage of CBAs; LMCs ambiguous</p> | <p>Remove or relax restrictions on unionism and CB; install “social elections” in enterprises, promote craft unionism or guilds, workers’ cooperatives and enterprises</p> |
| <p>Limited tripartism; ineffective representation</p> | <p>Convert TIPC into a Policy Board for DOLE; Expand coverage of tripartism and base representation on competence and performance</p> |
| <p>Defective social partnerships at enterprise level</p> | <p>Promote social partnerships along the NASLU model</p> |
| <p>Asymmetry in market, state and voice regulations</p> | <p>Promote principle of subsidiarity; expand and strengthen “voice” regulation; unify national and global unions</p> |

ECONOMY, POLITICS, & GOVERNANCE

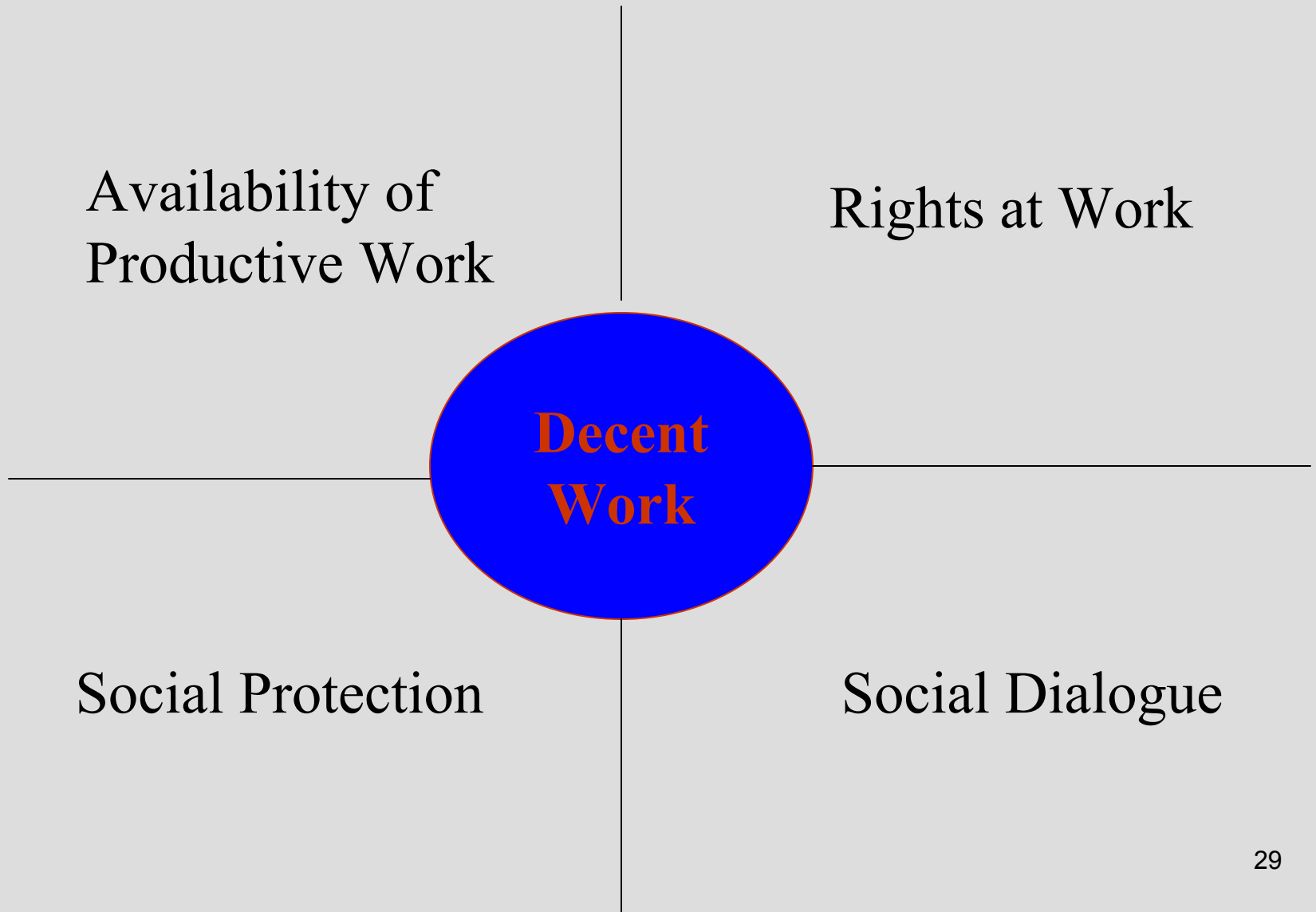


| Issues | Responses |
|--|--|
| Neo-Liberal Globalization and Free Trade | Support and promote Fair Globalization and Fair Trade |
| “Free Market” Model of Economic Development | Elaborate and advocate to adapt a Social Market Economy Model for the Philippines |
| Booty Capitalist State | Work towards a “Developmental State” |
| Political gridlock | Pursue electoral reforms; Shift to Federalism and a Unicameral Parliamentary System of Government |
| Persistent and widespread poverty | Support, promote and help sustain the “Decent Work Programme: Philippines” |
| Graft and Corruption | Pursue Judicial reforms and promote corporate social responsibility |



Federation of Free Workers: Challenges, Issues and Responses

Framework of FFW's Current Policy & Program



FFW's Advocacies

Availability of Productive Work

- Fair Globalization and Fair Trade
- Critical support for the 10-pt MTPDP
- Support for competency-based
- E & T Ladderization, Equivalency & RPL, Critical Support for Apprenticeship
- Asset Reforms: Land & Housing
- Promotion of SME', Coops and Workers' Enterprises

- Universal Coverage
- Improved Benefits
- Four-pillared architecture
- Financial Viability and Sustainability
- Improved Governance and Administration
- Preventive Health Care System
- Education for all

Social Protection

Rights at Work

- Promotion of CLS & FR@W
- Review & Revision of :C/IRR: FA &CB, LRS/DRS and AJ
 - Ratification of ILO Conventions
 - Promotion of MCCs, GCI, CSR
 - Promotion of the ILO Declaration on MNEs and Social Policy and the OECD Guidelines

- Social Market Economy
 - Federalism & Parliamentarism
 - Fiscal Discipline and Balanced budget
 - Stable Monetary Policy
 - Good Governance
 - Reform in the economy, Electoral system, judicial & Industrial Relations

- CB & CN in a multi-tiered structure
- Tripartism & multi-sectoral consultations
 - Linking with CSOs
 - Engaging the IFIs on CLS, FR@W, DW & PRSP
- Capacity building for: workers' E & T, planning & TU admin, Negotiation, para-legal, SS
- Support for Social Accords, Partnerships and Charters

Social Dialogue

FFW's Current Programs and Projects



Availability of Productive Work

- Training and Social Credit support for coops and workers' enterprises
- Accreditation and Operationalization of FFW as a PESO
- Job protection through CB and legal defense vs. contractualization

- Thru Negotiations, improve Retirement, Health Care and Group Life/Accident Insurance and/or benefits of members
- Thru E & T, improve RH, RP. OSH services for members
- Thru KMPI, promote social housing for members

Social Protection

Rights at Work

- Legal support or assistance for cases filed by members and applicant-members
- Participation in the global campaigns such as CCC, Norms, ASEAN Social Charter, setting international labor standards, and local campaigns on ratification of ILS

- Thru E & T, build capacity for para-legals, workers' rep in tripartite bodies,
- Organizing all types of workers into unions,, TFs, coops and other types of workers' association
- Participation in tripartite bodies, multi-sectoral consultations , and negotiations

Social Dialogue

- Workers' E & T
- Legal and para legal, CBA Negotiation services
- Gender Equality
- Support Phil DW Program
- Research, Policy Dev't and Advocacy
- Specialized Trust Funds

Building Capacity for a Trade Union Social Movement



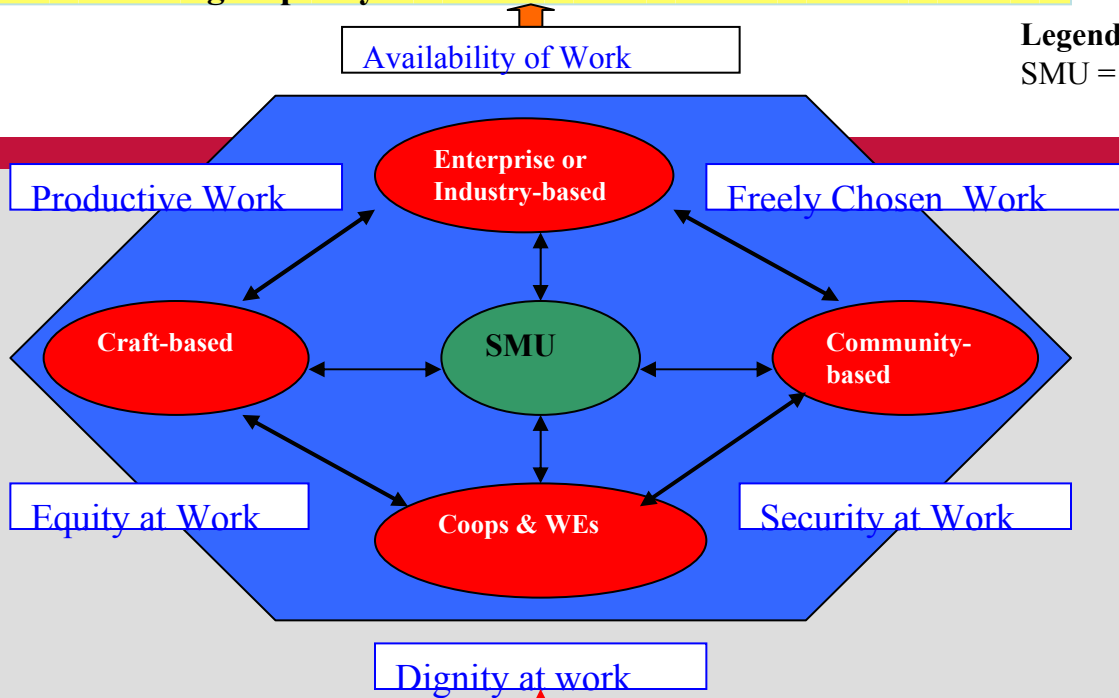
Legend:

SMU = Social Movement Union

1 TU Mission

4 Development Objectives

Six-pronged Direction

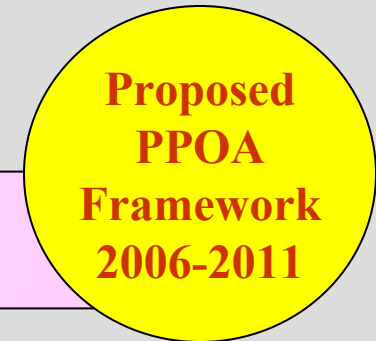


Organizing Fields

- Formal & Informal
- Rural and Urban
- Men and Women
- Young and Old
- Regular and Flexible
- Resident and Migrant

3 Key Result Areas

TUs are unified into a Center of crafts or trade associations, workplace-based Unions, community-based organizations and cooperatives
 Number of individual and associational dues-paying members increased
 Appropriate services for dues-paying members and applicants established



10 Strategies

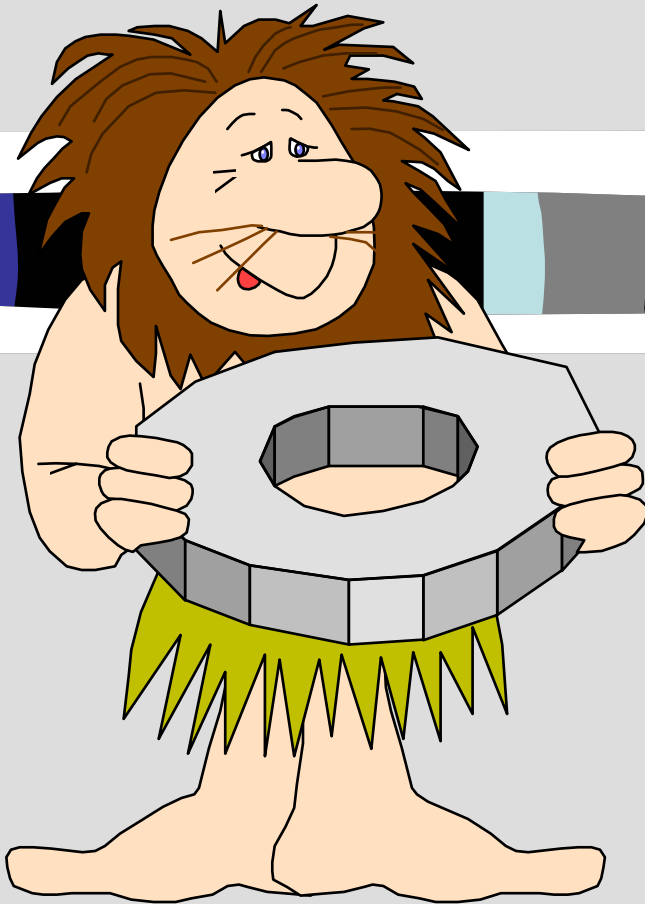
- Through **Organizing**, strengthen the voice of workers in macro, meso and micro policy-making and plan implementation
- Through **Collective Bargaining and Social Negotiation**, improve the quality and balancing of work and life
- Through **Cooperatives and Workers' Enterprises**, provide income-generating options and supplements for workers
- Through **Workers' Education and Training**, arouse, organize and mobilize workers for social movement unionism
- Through **Research and ICT**, improve knowledge-base, profiling, information-sharing and communications among unions
- Through **Legislation**, Review, Cohere, & Develop Law and Practice on Decent Work
- Through **Advocacy and Standards Setting**, promote globally compliant and harmonized labor and social standards
- Through **Employment Matching, Counseling and Placement**, provide continuing employment for workers here or abroad
- Through **Competency-based training in a Life Long Learning continuum**, build capacities for decent work and self development for workers
- Through **Social Dialogue**, converge public programmes and mobilize resources for Decent Work

Result-oriented Action Plans

Organizational Capacity Building

Sustainable and Self-Reliant Funding

Thank you.



Why reinvent the wheel?

Because the terrain keeps changing...