



## HIGHLIGHTS OF RESULTS

### ***1999 Industrial Relations at the Workplace Survey First of a Seven-Part Series***

*In 1999, the Bureau of Labor and Employment Statistics conducted the second round of the Industrial Relations at the Workplace Survey. The first round of this survey was undertaken in 1995. This survey aims to determine the existing employment and wage policies and practices and existing labor-management relations in non-agricultural establishments with at least 20 workers nationwide and in 12 major industry groups. Excluded are the establishments in the public sector except government corporations. This year, the survey also included inquiries on the mechanisms developed by establishments in coping with the possible effects of globalization and on measures implemented or plan to be implemented to cope with the financial crisis.*

*This issue is the first of a four-part series which deals on the general description of the results of the survey. The succeeding issues will delve on a more detailed analysis of the employment and wage practices and policies, labor-management relations with discussions on union organization and grievance handling, and on the different coping mechanisms adopted in both unionized and non-unionized establishments and by type of ownership*

*(i.e. with foreign capital and wholly Filipino-owned).*

## Establishment Profile

The survey covered a total of 21,527 non-agricultural establishments employing 20 or more workers in 1999. Of these, 27.1 percent were engaged in manufacturing and 24.0 percent were in wholesale and retail trade. Far behind were those involved in hotel and restaurant businesses and private education services numbering 10.3 percent and 9.1 percent, respectively. The utilities sector (electricity, gas and water and transport, storage and communication) comprised 7.3 percent of the total. Some 7.7 percent were into real estate, renting and business activities. The mining and quarrying sector had the least number of establishments at 0.5 percent.

A mere 19.8 percent of the establishments were with union and 19.0 percent were covered by collective bargaining agreements (CBAs). Apparently, about 9 out of 10 unionized establishments were covered by CBAs.

As to type of ownership, majority or 85.3 percent were Filipino owned while only 14.7 percent were with foreign capital.

## Hiring Practices

When asked about what method is being adopted by the establishments in hiring or filling up of vacancies, the following were the top five responses: through referrals/recommendations (56.4%); by word of mouth (49.4%); advertising through newsprint/media (46.1%); by promotion internally (44.4%); and by posting vacancies on bulletin boards within the establishment or its vicinity (43.5%). Only 8.2 percent availed of the Public Employment Service Office (PESO).

## Workforce Reduction

A total of 6,426 (29.9%) establishments reported a reduction in the size of their workforce in 1998. A greater percentage (53.8%) disclosed that it was reduced through the employees' own volition by voluntarily resigning from their jobs. Others admitted that it was the decision of management to trim down the number of their employees by means of natural attrition/freeze hiring (46.6%), layoff/retrenchment (43.8%), offering early retirement program (17.0%) and redeployment to sister company or subsidiary (12.3%). Also, a relatively high number (46.7%) resorted to dismissals due to misconduct or incompetence of their workers.

The reasons placed were mostly economic in nature like lack of market/slump in demand (52.7%), financial losses (50.0%), peso depreciation (37.3%), and high production cost (33.2%). However, some establishments reduced the number of their employees by organizational restructuring like downsizing or weeding out redundant positions (40.3%) and through merging with other companies (6.9%). About 16.2 percent posed it to minimum wage rate increase.

There were some 3,002 (46.7%) establishments which resorted to dismissals in 1998. Habitual absenteeism (64.4%), embezzlement or theft (41.2%), frequent tardiness (28.0%) recurring illness (19.1%) and drinking during office hours (14.8%) were the common reasons that forced the employers or management to terminate the services of their employees.

## Wage Practices

Inquiries on the method used in fixing or revising wages and basis of payment for the majority of their workers were two of the questions posed to the establishments. Almost one-third (32.8%) responded that the employers decide the amount of pay to be given to their employees. A higher percentage (38.9%) based their pay scale on the wage restructuring issuance of the Regional Tripartite Wage and Productivity Board (RTWPB) while some 12.6 percent followed a more democratic approach by using the collective bargaining table in negotiating for wages and salaries. A few (10.6%) still go through a process of individual bargaining between employees and employers.

Results show that the basis of payment for the majority of employees was on a semi-monthly basis accounting for 54.8 percent of the respondents. A relatively smaller percentage based their payment on the work done per week (19.0%), per day (11.8%) and per month (11.7%). Only 2.7 percent paid their employees in relation to their output (i.e. piece, task or "pakyao")

## Welfare Benefits/Provisions

The following were the list of topmost benefits enjoyed by the workers in establishments:

### **Leave Benefits**

<i>Sick leave</i>	87.5%
<i>Vacation leave</i>	84.7%
<i>Paid regular holiday</i>	83.4%
<i>Maternity leave</i>	81.0%
<i>Paid special holiday</i>	76.4%

### **Allowances/bonuses/ gratuities**

<i>13<sup>th</sup> month pay</i>	93.3%
<i>Christmas bonus</i>	46.1%
<i>Transportation allowance</i>	45.2%
<i>Representation allowance</i>	34.0%
<i>Incentive pay</i>	33.3%

### **Social Security Schemes**

<i>Separation/Termination pay</i>	63.2%
<i>Retirement pay</i>	58.2%
<i>Medical/Dental benefits</i>	52.6%
<i>Bereavement Aid</i>	47.1%
<i>Free medicines</i>	43.1%

## Labor-Management Relations

Respondents were asked to rate the relationship between employees and employers. Five out of ten (45.0%)

rated the relationship as very satisfactory while four out of ten (38.6%) found the industrial climate satisfactory. Still others (14.3%) regarded the workplace atmosphere as excellent. Only 1.6 percent viewed labor-management relations as unsatisfactory.

The following were the factors taken into consideration by the respondents in giving **positive** ratings:

<i>Openness of communication</i>	84.6%
<i>Transparency of management</i>	49.1%
<i>Employees morale</i>	47.9%
<i>Labor turnover</i>	17.6%
<i>Number of grievances</i>	17.5%
<i>Number of strikes/disputes</i>	5.7%

Meanwhile, the factors considered for the **unsatisfactory** rating were as follows:

<i>Employees morale</i>	38.8%
<i>Openness of communication</i>	31.9%
<i>Number of grievances</i>	20.3%
<i>Transparency of management</i>	16.5%
<i>Labor turnover</i>	12.2%
<i>Number of strikes/disputes</i>	7.5%

The respondents were asked to comment as to how frequent management consult their employees based on some pre-determined areas of concern.

The following were the areas of concern and their corresponding percentage share:

<b>Areas of Concern</b>	<b>Always</b>	<b>Sometimes</b>	<b>Never</b>
<b>Staffing levels</b>	<b>28.6</b>	<b>40.3</b>	<b>18.6</b>
<b>Wage increases</b>	<b>29.4</b>	<b>42.9</b>	<b>18.3</b>
<b>Occupational health and safety</b>	<b>47.3</b>	<b>33.8</b>	<b>8.5</b>
<b>Introduction of new technology</b>	<b>36.4</b>	<b>35.3</b>	<b>15.4</b>
<b>Dismissal/disciplinary action</b>	<b>47.8</b>	<b>32.5</b>	<b>10.5</b>
<b>Changes in work practices</b>	<b>43.7</b>	<b>36.4</b>	<b>10.2</b>
<b>Major change in product/services</b>	<b>36.9</b>	<b>30.7</b>	<b>19.9</b>

Cited below were the issues frequently raised by unions to management:

<i>Wage increase</i>	65.6%
<i>Dismissal/disciplinary measures</i>	49.9%
<i>Working conditions</i>	38.0%
<i>Occupational safety and health</i>	30.6%
<i>Leave benefits</i>	29.3%
<i>Change in work time arrangement</i>	25.9%
<i>Regularization of casual employees</i>	25.2%

## Grievance Handling

In settling grievances or labor disputes, a total of 8,325 establishments subscribed to the grievance-handling procedure agreed upon by both labor and management. The following were the different methods adopted by the responding establishments and their corresponding percentage share:

<i>Grievance committee</i>	65.2%
<i>Labor-Management committee</i>	41.3%
<i>Conciliation by DOLE</i>	15.3%
<i>Voluntary conciliation</i>	19.5%
<i>Compulsory arbitration</i>	2.3%
<i>Voluntary and compulsory arbitration</i>	11.7%

## Coping Mechanisms

Globalization is the common by-word in Philippine industries. It involves freer movement of capital, managerial skills and technical expertise across countries amid decreasing impediments to such movements. It is characterized by increasing economic liberalization and falling tariff barriers, integrated financial markets, and multinational companies that operate on the premise of homogeneous world market. In this regard, establishments were asked as to whether or not they have already developed mechanisms to combat its possible effects to their respective businesses.

Of the total 21,527 establishments, only 31.3 percent (6,736) have put in place mechanisms to cope with the effects of globalization in their business operations. Some 29.5 percent (6,341) were still in the process of development. While, a relatively bigger percentage or 39.3 percent (8,449) did not have any coping mechanisms yet as of the survey period.

The following were the mechanisms adopted by the 6,736 establishments:

<i>Improvement of quality of product/services</i>	79.8%
<i>Acquisition of appropriate technology</i>	73.7%
<i>Investment in HRD</i>	53.3%

<i>Streamlining of work practices</i>	52.6%
<i>Employment flexibility</i>	36.8%
<i>Diversification and expansion</i>	33.4%
<i>Increase in R and D of product development</i>	25.2%
<i>Shutdown of redundant unit</i>	15.7%
<i>Seeking other partners</i>	14.0%

In 1997, the country's economic growth momentum was disrupted by the Asian financial crisis that hit the region during the second half of the year. Its trickle down effects were felt by some 16,432 (76.3%) establishments that triggered them to implement several measures to survive the crisis.

The following were the measures **implemented** by the establishments and their corresponding percentage share:

<i>Freeze hiring for all positions</i>	27.6
<i>Freeze hiring for all managerial positions</i>	12.7
<i>Freeze hiring for most positions</i>	20.4
<i>Granting smaller salary increases</i>	16.4
<i>Suspension of salary increases</i>	13.7
<i>Suspension of some benefits</i>	7.6
<i>Layoffs</i>	7.3
<i>Reduce work time</i>	13.6
<i>Job rotation</i>	14.6
<i>Contracting out services</i>	9.9
<i>Budget cuts on training</i>	12.3
<i>Defer expansion plans</i>	16.2

Meanwhile, a total of 7,025 establishments disclosed they have **plans of implementing** the following measures in their business operations.

<i>Freeze hiring for all positions</i>	21.0
<i>Freeze hiring for all managerial positions</i>	7.4
<i>Freeze hiring for most positions</i>	15.5
<i>Granting smaller salary increases</i>	16.0
<i>Suspension of salary increases</i>	14.7
<i>Suspension of some benefits</i>	9.1
<i>Layoffs</i>	8.4
<i>Reduce work time</i>	11.9
<i>Job rotation</i>	15.4
<i>Contracting out services</i>	8.1
<i>Budget cuts on training</i>	10.5
<i>Defer expansion plans</i>	19.0

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#### FOR INQUIRIES:

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Regarding other statistics and technical services contact **BLES Databank** at 527-35-77  
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FAX 527-35-79, E-mail: [lrzd@manila-online.net](mailto:lrzd@manila-online.net)  
or Visit our Website at <http://www.manila-online.net/bles>

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## POLICIES AND PRACTICES OF ESTABLISHMENTS WITH AT LEAST 20 WORKERS

Indicators	Number	Percent
Total Number of Establishments	21,527	100.0
<b>Major Industry Group</b>		
Mining and quarrying	102	0.5
Manufacturing	5,840	27.1
Electricity, gas and water	396	1.8
Construction	753	3.5
Wholesale and retail trade	5,162	24.0
Hotels and restaurants	2,219	10.3
Transport, storage and communication	1,184	5.5
Financial intermediation	1,246	5.8
Real estate, renting and business activities	1,653	7.7
Private education services	1,957	9.1
Health and social work except public	458	2.1
Other community, social and personal service activities	557	2.6
<b>With Union</b>	<b>4,265</b>	<b>19.8</b>
<b>Without Union</b>	<b>17,262</b>	<b>80.2</b>
<b>With CBAs</b>	<b>4,085</b>	<b>19.0</b>
<b>Without CBAs</b>	<b>180</b>	<b>0.8</b>
<b>Percent Share of Unions with CBAs</b>	<b>-</b>	<b>95.8</b>
<b>Type of Ownership</b>		
With foreign equity	3,171	14.7
Wholly Filipino	18,356	85.3
<b>Hiring Practices</b>		
Advertise through newsprints/media	9,924	46.1
Posting vacancies on bulletin boards within the establishment/vicinity	9,356	43.5
Promotion internally	9,567	44.4
Use of private recruitment agencies/employment services	2,748	12.8
Public Employment Service Office (PESO)	1,766	8.2
Referrals/Recommendations	12,149	56.4
Word of mouth	10,640	49.4
Posting vacancies on bulletin boards in schools	3,947	18.3
Others	1,054	4.9
<b>Establishments that Reduced Workforce in 1998 by Method Used</b>	<b>6,426</b>	<b>100.0</b>
Natural attrition/freeze hiring	2,996	46.6
Redeployment to sister company/subsidiary	792	12.3
Early retirement program	1,090	17.0
Voluntary resignation	3,457	53.8
Layoff/retrenchment	2,816	43.8
Dismissal	3,002	46.7
Not stated	12	0.2

Indicators	Number	Percent
<b>Establishments that Reduced Workforce by Reason</b> <i>(except those establishments resorting to voluntary resignation and dismissal)</i>	<b>4,952</b>	<b>100.0</b>
Lack of market/slump in demand	2,610	52.7
Uncompetitive price of products	884	17.9
Competition from imports	612	12.4
High production cost	1,642	33.2
Lack of capital	711	14.4
Peso depreciation	1,847	37.3
Financial losses	2,478	50.0
Reorganization/downsizing/redundancy	1,998	40.3
Change in management/merger	342	6.9
Minimum Wage increase	804	16.2
Project completion	697	14.1
Others	132	2.7
<b>Establishments Resorting to Dismissal by Reason</b>	<b>3,002</b>	<b>100.0</b>
Absenteeism	1,932	64.4
Frequent tardiness	841	28.0
Recurring illness	572	19.1
Immorality	136	4.5
Sexual harassment	103	3.4
Use of drugs	293	9.8
Drinking during office hours	443	14.8
Gambling during office hours	186	6.2
Falsification of documents	480	16.0
Graft and corruption	181	6.0
Theft and embezzlement	1,238	41.2
Others	404	13.5
<b>Establishments with Wage Practices</b>	<b>21,527</b>	<b>100.0</b>
<b>Method of Fixing and Revising Wages and Salaries</b>		
CBA	2,715	12.6
Individual agreement between employer and employee	2,281	10.6
Employers' decision	7,064	32.8
Agreement between employer and union	179	0.8
Wage restructuring due to minimum wage issuance of Regional Tripartite Wage and Productivity Board	8,377	38.9
Others	911	4.2
<b>Basis of Payment for Majority of Employees</b>		
Daily	2,543	11.8
Weekly	4,080	19.0
Semi-monthly	11,807	54.8
Monthly	2,524	11.7
Output	573	2.7