

Labor Relations Overview

I. UNIONS

Unions in the Philippines are classified into two (2):

- 1) PUBLIC SECTOR UNION or PUBLIC EMPLOYEES ORGANIZATION which refers to any organization, union or association of employees in the agencies of government which exist in whole or in part for the purpose of collective negotiations or mutual aid, interest, cooperation and protection.
- 2) PRIVATE SECTOR UNION or LABOR ORGANIZATION refers to any union or association of employees in the private sector which exist in whole or in part for the purpose of collective bargaining or mutual aid, interest, cooperation, protection or other lawful purposes.

Labor Organizations refer to any union or association of employees in the private sector which exists in whole or in part for the purpose of collective bargaining, mutual aid, interest, cooperation, protection, or other lawful purposes. They are further classified into the FORMAL and INFORMAL sector. The former refers to an organization with employee-employer relationship, also known as Enterprise-Based Unions it is composed of Chartered Local, Affiliate and Independent Unions. The latter refers to an organization without a definite employer.

As of December 2014, a total of **16,880** unions were recorded existing at the enterprise level with reported members of more than 1.4 million workers. Union registrations increased by 1% from 16,697 last year.

TABLE 1. NUMBER OF EXISTING UNIONS BY SECTOR BY REGION

Region	PRIVATE		PUBLIC		PRIVATE		PUBLIC	
	Unions	%	Unions	%	Members	%	Members	%
PHILIPPINES	16,880	100.0	1,824	100.0	1,420,286	100.0	518,047	100.0
NCR	10,038	59.5	400	21.9	808,832	56.9	279,833	54.0
CAR	62	0.4	69	3.8	11,743	0.8	10,450	2.0
I	82	0.5	97	5.3	6,250	0.4	14,615	2.8
II	47	0.3	85	4.7	13,605	1.0	14,579	2.8
III	1,100	6.5	108	5.9	104,843	7.4	30,531	5.9
IV-A	2,152	12.7	120	6.6	182,715	12.9	23,502	4.5
IV-B	25	0.1	71	3.9	1,148	0.1	8,151	1.6
V	164	1.0	109	6.0	9,957	0.7	21,057	4.1
VI	622	3.7	102	5.6	41,199	2.9	23,690	4.6
VII	973	5.8	117	6.4	59,412	4.2	18,142	3.5
VIII	217	1.3	142	7.8	12,211	0.9	15,255	2.9
IX	108	0.6	71	3.9	9,720	0.7	8,076	1.6
X	367	2.2	85	4.7	41,432	2.9	10,527	2.0
XI	493	2.9	104	5.7	51,225	3.6	19,613	3.8
XII	215	1.3	87	4.8	46,924	3.3	11,307	2.2
XIII	108	0.6	52	2.9	16,450	1.2	8,388	1.6
ARMM	21	0.1	5	0.3	2,414	0.2	331	0.1
<i>For Verification</i>	86	0.5			206	0.0		

Source of Data: Bureau of Labor Relations (BLR); Union Registration data as of December 2014

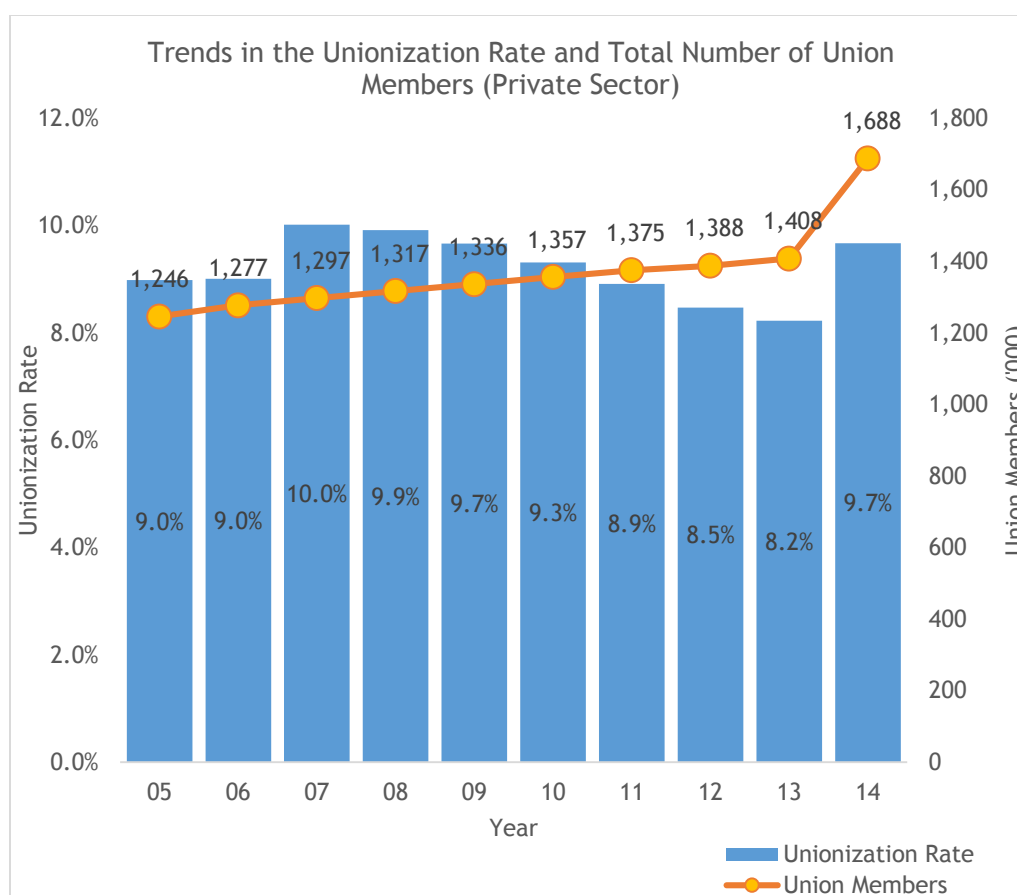
As shown in the Table 1, the bulk of the unions in the private sector are in NCR it covers almost **60%** of the total unions nationwide with 10,038 followed by Region IV-A with close to **13%** or 2,152 unions. In terms of union memberships, NCR and Region IV-A also recorded with the most with **57%** (808,832 members) and **13%** (182,715) respectively.

For public sector union registrations, a total of 1,824 unions were existing nationwide, with 518,047 reported members. Registrations in the public sector unions increased by **2%** compared to the 1,787 registrations recorded over the same period, also the volume of union membership increases by **9%** from 476,270 union members last year.

NCR had the most number of public sector unions amongst regions covering **22%** or 400, followed by Region VIII with **8%** or 142 unions. Membership wise, **54%** or 279,833 of the total union members in the public sector were situated in NCR, followed by Region III with **6%** or 22,693 members. (See Table 1)

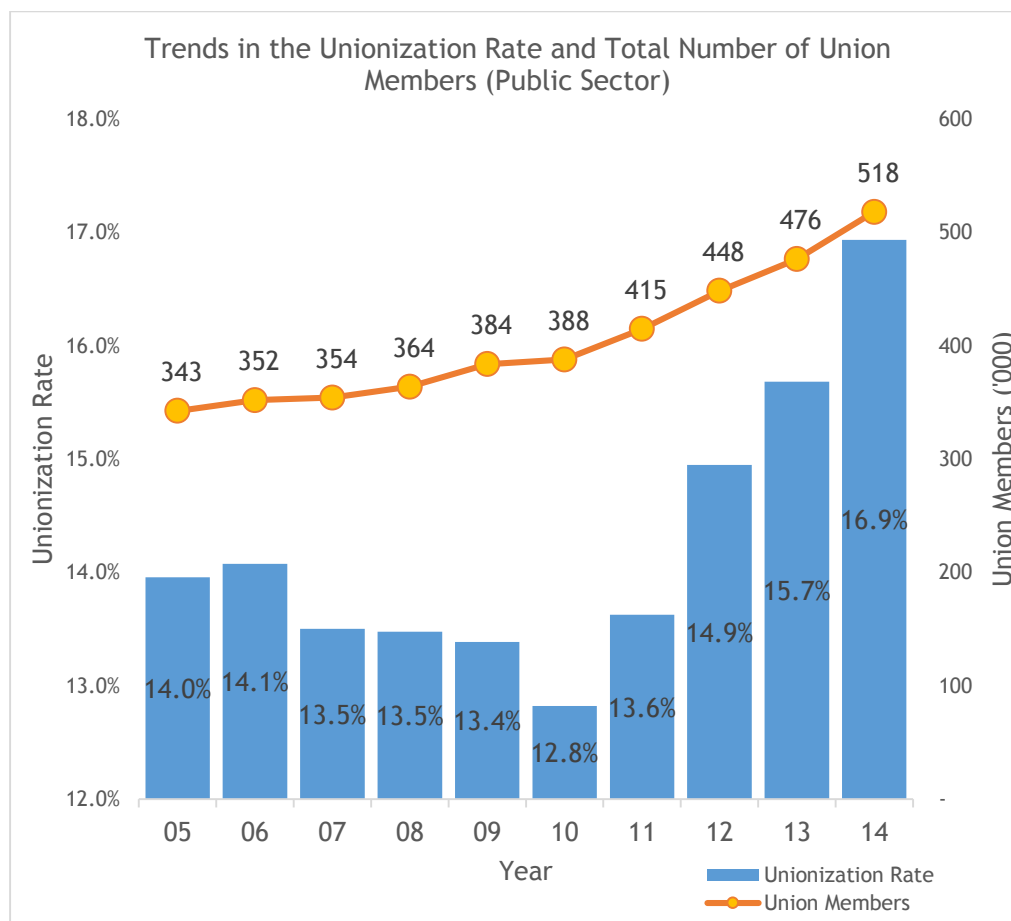
TREND IN UNIONIZATION RATE

From 2005-2014, unionization rate peaked in 2007 for the private sector with **10.0%**, while the lowest was recorded in 2013 with **8.2%**. Union membership grew by **16%** over the past 10 years from more than 1.2 million in 2005 to more than 1.4 million in 2014 (See Figure 1).



Source of Data: Bureau of Labor Relations (BLR); Union Registration data as of December 2014
Philippine Statistics Authority (PSA); Employment Data 2005-2014 (Preliminary)

Over the same period, public sector unionization rate recorded its highest in 2014 with **16.9%**, while the lowest was in 2010 with **12.8%**. Union membership increases by **51%** from more than **343,000** in 2004 to more than **518,000** in 2014 (See Figure 2).



Source of Data: Bureau of Labor Relations (BLR); Union Registration data as of December 2014
Philippine Statistics Authority (PSA); Employment Data 2005-2014 (Preliminary)

Federations

A federation is defined as a group of legitimate labor unions in a private establishment organized for collective bargaining or for dealing with employers concerning terms and conditions of employment for their member unions or for participating in the formulation of social and employment policies, standards and programs, registered with the Bureau of Labor Relations (BLR).

Currently, there are 135 existing federations, wherein its locals/affiliates comprises the **56%** (9,419 out of 16,880) of the total unions and **46%** (655,182 out of 1,419,523) of the total union members in the private sector.

Table 2 shows the 10 federations with the most number of locals/affiliates, these federations covers the **41%** of the total federated unions (3,855 out of 9,419) in the country. The Associated Labor Union (ALU), a federation registered since 1954 had the most locals/affiliates amongst federations with 890 locals/affiliates.

Table 2. FEDERATIONS WITH THE MOST NUMBER OF LOCALS/AFFILIATES

Federation	Locals/Affiliates	Members
ALU	890	65,619
FFW	447	30,221
SUPER	441	26,971
LAKAS	369	6,823
FSM	320	10,020
NAFLU	303	29,229
PTGWO	301	81,079
ADLO	283	10,493
TUPAS	261	10,863
NWB	240	6,514

Source of Data: Bureau of Labor Relations (BLR); Union Registration data as of December 2014

Table 3 shows the 10 federations with the most number of union members, The Philippine Trade and General Workers Organization (PTGWO), registered since 1967 recorded the most membership among federations with 81,079. These federations covers 48% (314,275 out of 655,182) of the total federated union members.

Table 3. FEDERATIONS WITH THE MOST NUMBER OF UNION MEMBERS

Federation	Locals/Affiliates	Members
PTGWO	301	81,079
ALU	890	65,619
FFW	447	30,221
NAFLU	303	29,229
SUPER	441	26,971
NFL	190	22,102
NUBE	14	16,859
NAFLU-KMU	141	15,245
ANGLO	223	13,919
AWATU	169	13,031

Source of Data: Bureau of Labor Relations (BLR); Union Registration data as of December 2014

The registration of labor organizations is governed by the Labor Code as amended and DOLE Department Order No. 40-03.

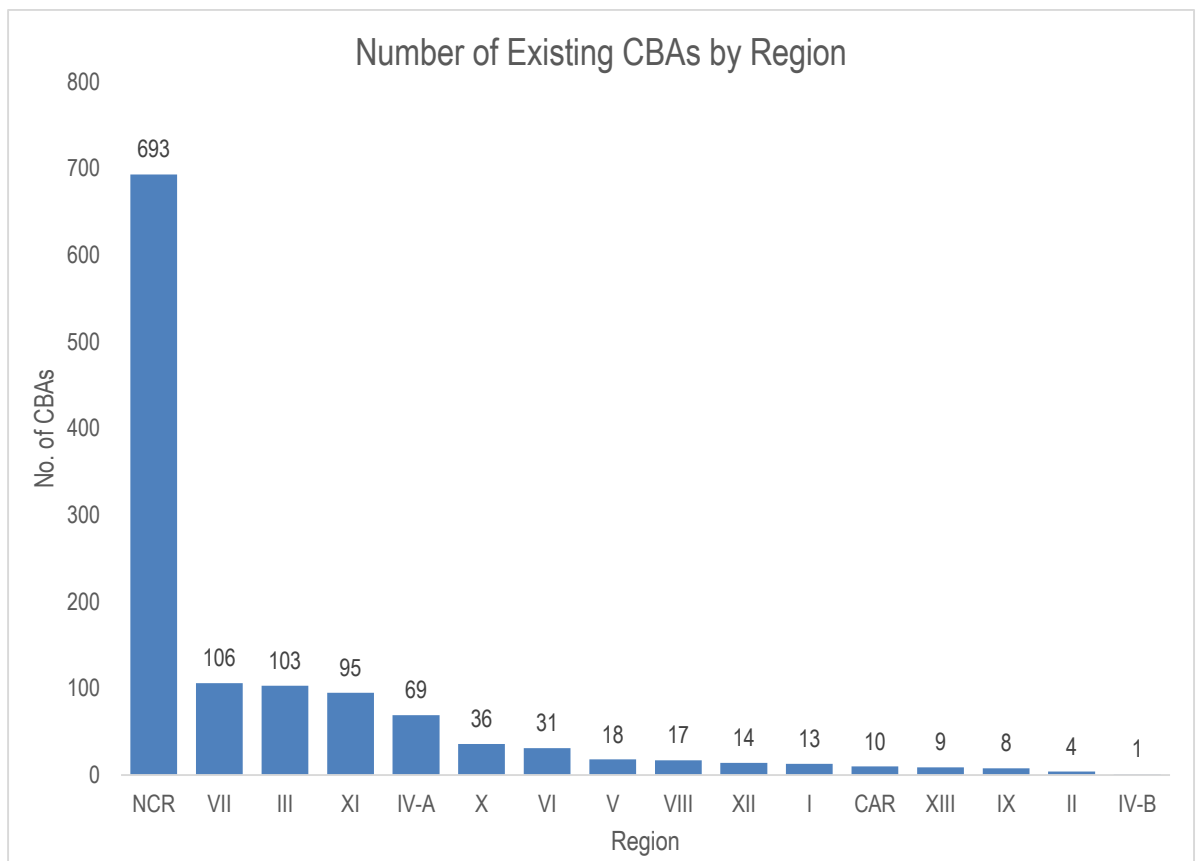
II. Collective Bargaining

Collective bargaining is the process of negotiations between employers and a group of employees aimed at reaching agreements that regulate working conditions. The interests of the employees are commonly presented by representatives of a trade union. The Collective Bargaining Agreement (CBA) is the contract resulting from the negotiations.

In the Philippines, collective bargaining can be done through single enterprise level negotiations or through the creation of a mechanism by which different employers and recognized or certified labor unions in their establishments bargain collectively (multi-employer bargaining).

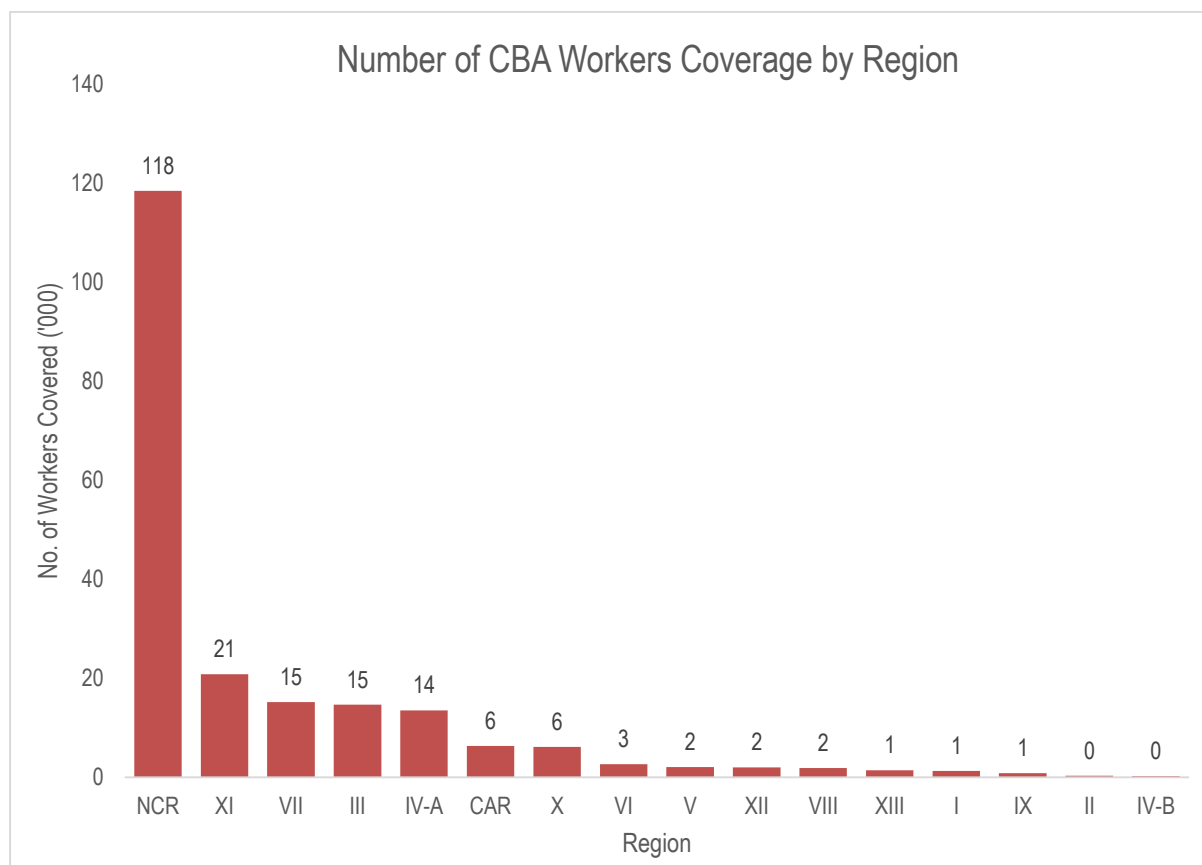
The registration and procedure of collective bargaining is guided by DOLE Department Order No. 40-03, as amended.

As of December 2014, a total of 1,227 CBAs existing in the country, wherein more than half or 56% of the existing CBAs were situated in NCR with 693 CBAs. Two other regions also recorded more than 100 existing CBAs, these are Region VII with 106, and Region III with 103. (See Figure 3)



Source of Data: Bureau of Labor Relations (BLR); CBA Registration data as of December 2014

In terms of CBA workers coverage, a total of 207,507 workers were covered by the 1,227 existing CBAs. The National Capital Region (NCR) covers 57% of the total workers coverage with 118,356. While four other regions recorded more than 10,000 workers coverage, namely, Region XI with 20,813; Region VII with 15,180; Region III with 14,654 and Region IV-A with 13,507 (See Figure 4).



Source of Data: Bureau of Labor Relations (BLR); CBA Registration data as of December 2013

III. Labor Management Council

Under Republic Act No. 6715 or “An Act to Extend Protection to Labor, Strengthen the Constitutional Rights of Workers to Self-Organization, Collective Bargaining and Peaceful Concerted Activities, Foster Industrial Peace and Harmony, Promote the Preferential Use of Voluntary Modes of Settling Labor Disputes, and Reorganize the National Labor Relations Commission, Amending for These Purposes Certain Provisions of Presidential Decree No. 442, As Amended, Otherwise Known as The Labor Code of the Philippines, Appropriating Funds Therefore and for Other Purposes”, the operating mechanism of labor-management cooperation program in organized establishments is called a Labor-Management Council (LMC). In unorganized establishment, the mechanism is called Labor-Management Committees (LMC).

The LMC aims to foster better relations between labor and management, to supplement the grievance process when necessary and to supplement the CBA.

While there are no set rules, an LMC commonly has the following organizational features:

- Composed of an adequate number of representatives from labor and management.

- Labor representatives shall be elected by at least the majority of the workers in the establishment.
- Management is represented by top level officials, the personnel or industrial relations manager, the production manager and other officers including supervisors.
- There are two co-chairmen -- one from labor and one from management who serve concurrently or on a rotating basis. A secretary is also appointed.
- A third party facilitator acceptable to labor and management may assist the committee particularly in the early stages of its operation
- Sub-committees may be formed to address specific concerns.

The National Conciliation and Mediation Board, an attached agency of the DOLE provides promotional and technical services for the LMC.

IV. Industrial Action (Strikes and Lockouts)

DOLE Department Order No. 40-03, as amended defines strike as any temporary stoppage of work by the concerted action of employees as a result of a labor or industrial dispute. Meanwhile, a lockout is referred to the temporary refusal of an employer to furnish work as a result of a labor or industrial dispute.

The right to strike is a constitutional and legal right of the workers as the employers have the inherent and statutory right to lockout, all within the context of labor relations and collective bargaining. It is a means of last resort and presupposes that the duty to bargain in good faith has been fulfilled and other voluntary modes of dispute settlement have been tried and exhausted. The law recognizes two grounds for the valid exercise of the right to strike or lockout, namely: unfair labor practice and bargaining deadlock. In order to be valid, the notice of strike or lockout on grounds of unfair labor practice, shall state the specific acts complained of. In case of bargaining deadlock, the notice must specify the unresolved issues and must show proof that the parties have exhausted all efforts to resolve the deadlock.

The National Conciliation and Mediation Board (NCMB), an attached agency of the DOLE, is the agency that mediates and arbitrates between labor and management in case of a labor dispute concerning strikes and lockouts.

For 2013, the peaceful industrial peace climate was maintained by keeping the actual strikes and lockouts at a minimum with only one work stoppage declared during the year. The said strikes were resolved through amicable settlement benefiting 400 workers.

V. Single Entry Approach Program

On 05 October 2010, the DOLE issued Department Order No. 107 or the “Guidelines on the Single Entry Approach prescribing a 30-Day Mandatory Conciliation-Mediation Services for all Labor and Employment Cases”. The Guidelines was guided by virtue of Section 3, Article XIII of the 1987 Constitution on the preferential use of voluntary modes of dispute settlement, Article 211 of the Labor Code, as amended, the Alternative Dispute Resolution (ADR) Act of 2004, and Executive Order No. 523 instituting the use of ADR for the speedy resolution of all disputes before the administrative bodies of the Executive Department. The Single Entry Approach (SENA) is a reform program that answers President Benigno “Simeon” Aquino’s

directive to the DOLE to “reform labor arbitration and adjudication systems by streamlining procedures, removing red tape, and at the same time, restore integrity and fairness in the system”. The 30-day conciliation-mediation approach was a product of tripartite consultation. In early July, the National Tripartite Industrial Peace Council (TIPC) endorsed the reform by virtue of TIPC Resolution No. 3, Series of 2010.

Complaints that undergo SEnA are called Requests for Assistance (RFAs) and are filed in all DOLE Regional Offices and concerned attached agencies such as the NCMB and the National Labor Relations Commission (NLRC). The NCMB monitors the implementation of SEnA.

On March 2013, Republic Act No. 10396: An Act Strengthening Conciliation-Mediation as a Voluntary Mode of Dispute Settlement for All Labor Cases, Amending for this Purpose Article 228 Of Presidential Decree No. 442, As Amended, Otherwise Known as The "Labor Code of the Philippines" was signed. The law provides that all issues arising from labor and employment shall be subject to mandatory conciliation-mediation, proceedings which, may be pre-terminated by the parties involved with a request for endorsement from the appropriate DOLE agency or office, or for voluntary arbitration.

Demand for SENA services has been high. For 2013, there were 44,058 RFAs handled in the DOLE Regional Offices and Attached Agencies, out of these RFAs, 40,144 or 96% were disposed and 28,907 or 83% of the RFAs were settled. The total monetary awards received amounted to Php 1,149,976,678.58 benefitting 40,682 workers. Since SEnA prescribes a mandatory 30-day conciliation-mediation, the average number of days to settle cases is 19 days.

VI. Social Dialogue

Social dialogue is primarily indicated by how much workers are being organized, how many collective bargaining agreements are concluded and how labor education services are being extended. It also refers to a labor relations system which encourages less adversarial modes of settling disputes and ensuring speedy disposition of labor cases. In general, the Philippines has been recognized for its labor relations environment that fosters strong tripartite mechanisms and processes for social dialogue.

Tripartism, a program strategy employed to address the concerns of the social partners – labor, employer and government sectors – through information sharing, consultations, fora and dialogues, has been one of the mechanisms to promote social dialogue. It has been a declared state policy as enunciated in the Labor Code.

In line with Department's thrust to promote and strengthen social dialogue, the Tripartite Industrial Peace Council (TIPC) and its various subcommittees are consistently working toward setting workplace standards and protection of labor and employers rights.

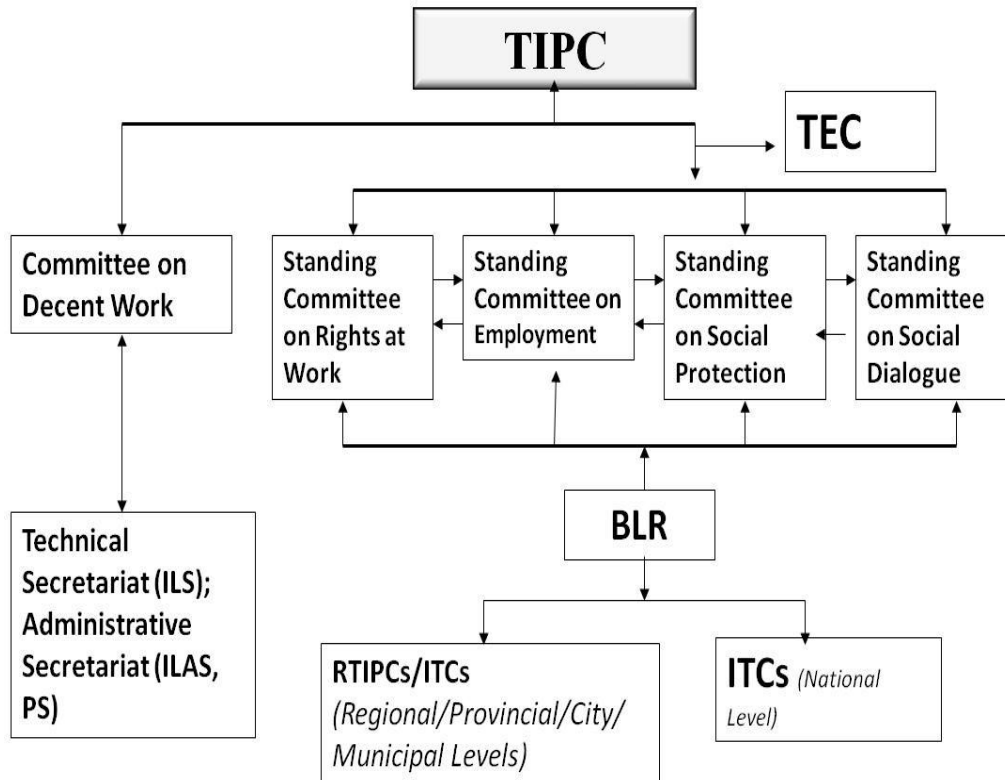
Legal Bases

- Executive Order No. 403 (s. 1990) Establishing the Tripartite Industrial Peace Council
- Executive Order No. 25 (s. 1992) Amending E.O. No. 403 and Further Strengthening the TIPC
- DOLE Department Order No. 8 (s. 1995) Guidelines in the Constitution and Institutionalization of National Industry Councils, Regional TIPC's, and Regional or Local ITCs under the National TIPC
- Executive Order No. 383 (s. 1996) Reorganizing and Strengthening the TIPC
- DOLE Department Order No. 14 (s. 1996)
- Executive Order No. 49 (s. 1998) Amending E.O. No. 383 for the Purpose of Reconstituting and Expanding the Membership of the TIPC
- Executive Order No. 97 (s. 1999) Amending E.O. No. 49, Further Expanding the Functions of the TIPC
- Department Order No. 111-11 (s. 2011) Guidelines in the Creation and Institutionalization of Coordination among National, Regional and Local TIPC's and/or ITCs
- Republic Act No. 10395: "An Act Strengthening Tripartism, Amending for the purpose Article 275 of the Labor Code

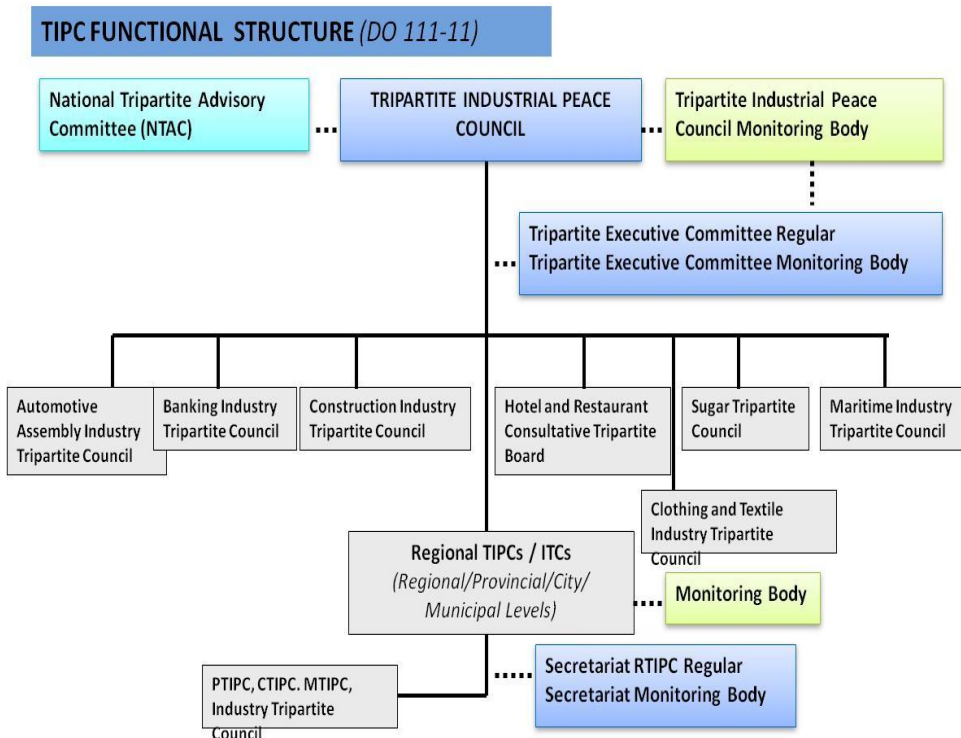
Functions

- 1) To monitor the full implementation and compliance by concerned sectors with provisions of all tripartite instruments, including international conventions, codes of conduct, and social accords;
- 2) To participate in national, regional or industry-specific tripartite conferences which the President or the Secretary of Labor and Employment may call from time to time;
- 3) To review existing labor, economic and social policies and to evaluate local and international developments affecting them;
- 4) To formulate for submission to the President or Congress, tripartite views, recommendations and proposals on labor, economic and social concerns including the presentation of tripartite positions on relevant bills pending in Congress;
- 5) To advise the Secretary of Labor and Employment in the formulation or implementation of policies and legislation affecting labor and employment;
- 6) To serve as a communication channel and a mechanism for undertaking joint programs among government, workers, employers and their organizations toward enhancing labor-management relations; and
- 7) To adopt its own program of activities and rules, consistent with development objectives.

TIPC Structure (Organizational)



TIPC Structure (Functional)



Voluntary Codes of Good Practices (VCGP)

A Voluntary Code of Good Practices (VCGP) is a set of guidelines establishing voluntary minimum standards on the social and employment aspects in the industry. It is a step towards industry self-regulation allowing the social partners of the concerned industry to voluntarily self-regulate their engagement and cultivate a culture of social responsibility. The promotion of the crafting and adoption of the VCGP is embodied under the DOLE's package of reforms. It is one of our commitments under the Philippine Labor and Employment Plan 2011-2016 as a thrust for self-regulation, addressing industry-specific issues, and eventually toward industry self-governance.

The TIPC, through TIPC Resolution No. 3-D, series of 2010, has affirmed the promotion of VCGPs and encouraged the Regional TIPCs and Industrial Tripartite Councils (ITCs) to formulate and adopt them.

Of the 157 existing VCGPs, 37 were created in 2014 in the following industries identified as Key Employment Generators (KEGs)¹ by the DOLE Project JobsFit 2020:

- Agribusiness
- Cyberservices
- Health and Wellness
- Hotel, Restaurant and Tourism
- Mining
- Construction
- Banking and Finance
- Manufacturing
- Transport and Logistics
- Education
- Information Technology/Business Process Management

No VCGPs are formulated under Ownership, Dwellings and Real Estate; Education; and Power and Utilities.

¹Project JobsFit 2020: Follow-up consultations with stakeholder-partners have identified 13 KEGs, namely: Agribusiness; Construction, Information Technology/Business Process Management; Health and Wellness; Hotel, Restaurant and Tourism; Wholesale and Retail Trade; Banking and Finance; Mining; Transport and Logistics; Manufacturing; Ownership, Dwellings and Real Estate; Education; and Power and Utilities.