

Zero Contractualization: Threat to Ordinary Workers



DEBIT CREDIT Jeffrey Salazar

"If it sounds too good to be true, it probably is not."

I want to focus on this saying in connection with the zero contractualization plan of President Rodrigo Duterte which our president hopes to put in place to improve the welfare of our workers. That appears to be the good news. But is this really the case?

Contractualization is rampant in the Philippines. Many Filipinos are dependent in this kind of job arrangement as source of their source living. On this kind of arrangement, contractual workers also termed as fixed-term contract workers are hired by the employer for a particular period of time. After the contractual period, the employer will evaluate the performance of the contractual employee and depending on the requirements of the business may promote them to probationary or regular status.

Most of the jobs being subjected to contractualization are production operators, sales personnel, cashiers, baggers, security and maintenance and janitorial personnel. These jobs are more routine and clerical in nature which any Filipino can perform and can easily learn thru trainings and orientation. These job opportunities, give employment opportunities to workers with low educational attainment or graduates of technical and vocational courses.

The Republic Act (R.A) 6715 or the Herrera Law and the R.A. 6727 or the Wages Rationalization Act were enacted during the time of President Cory Aquino. The purpose of these laws are to protect the labor workers, to resolve labor disputes peacefully and to provide the appropriate rates per area or region to match workers' salaries with the cost of living expenses in the area.

If zero contractualization will be implemented, what will happen to these workers? I believe that this may result in substantial number of workers losing their jobs once companies start resorting to other options for their labor requirements.

I anticipate also that we may see more and more of the developments enumerated below.

Automation and Robotics - Replacement or reduction of certain processes and people by automation and robotics may result. These machineries can work 24 hours, 7 days a week and can work more efficiently than humans.

Business Process Outsourcing (BPO) - Companies may opt to outsource labor requirements to BPOs rather than hiring regular employees. Payroll, Customer Service and Bookkeeping services are some of the processes that can be outsourced.

Lack of Opportunities to Inexperienced Workers and Fresh Graduates - Companies may prefer experienced and professionals to become part of their organization rather than new school graduates.

Increase in Part-time working students and Interns - Fast food chains will continue to hire more and more part-time working students for their operations. Demand for interns or on the job trainees will also increase to provide clerical and administrative services in the office.

Agencies and Sub-contracting - Clerical process are inevitable in any business. More companies will be dependent on agencies and subcontractors to provide clerical support and services

Working Overseas - Zero contractualization will result in the reduction of the various labor arrangements including the fixed-term employment, seasonal workers, piece-work jobs and no project-based employment, These have traditionally provided work opportunities. With these being limited, more Filipinos may be forced to leave their families and the country to work abroad as Overseas Filipino Workers.

Do we really need to abolish contractualization or should we instead pursue amendments of the labor law or rules? I believe it is better just to have stricter monitoring of companies or instituting effective rules to prevent abuse of contractual employees. These include setting of boundaries on the number of times an employee can be hired as contractual workers; coming-up with rules on acceptable regular to contractual employee ratio; identification of what jobs can or cannot be contracted; monitoring the employers if they are providing all the mandated benefits to their contractual employees; and providing a rule that employees cannot be contractual again if they transfer to another company, which is a branch, sister company, affiliate or belongs to one group of companies. The Department of Labor and Employment (DOLE) must be vigilant on the complaints to ensure that workers should be treated fairly by the organization

If the Duterte administration is really intent in protecting the welfare of workers, it must thoroughly study their proposed platforms. Issues on labor and employment will not be resolved by just abolishing contractualization. If this matter is not addressed properly, the problem on employment being addressed may result in dire consequences with more workers losing their jobs.

Jeffrey Galang Salazar is a Certified Public Accountant and Master in Business Administration degree holder. He is currently connected with Tong Hsing Electronics Phils Inc., Mold Parts Manufacturing Asia Inc. and Pamantasan ng Cabuyao.

This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to boa.secretariat@gmail.com