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PASCN Discussion Paper No. 2000-02

**Factors Influencing the Observance
of the Core ILO Labor Standards
by Manufacturing Companies**

Divina M. Edralin



The *PASCN Discussion Paper Series* constitutes studies that are preliminary and subject to further revisions and review. They are being circulated in a limited number of copies only for purposes of soliciting comments and suggestions for further refinements.

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Divina M. Edralin

De La Salle University

January 2000

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For comments, suggestions or further inquiries, please contact:

The PASCN Secretariat
Philippine Institute for Development Studies
NEDA sa Makati Building, 106 Amorsolo Street
Legaspi Village, Makati City, Philippines
Tel. Nos. 893-9588 and 892-5817

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Abstract

This paper aimed to determine the factors that influence the degree of compliance by manufacturing companies with the six core ILO labor standards ratified by the Philippines.

Using descriptive and comparative research designs, a survey among 125 unionized and non-unionized manufacturing firms in Metro Manila was conducted with 175 both from the union and management representatives taken as respondents.

Results revealed that among the six core labor standards, equal remuneration and freedom from discrimination in employment and occupation were highly complied with, while freedom of association and protection of the right to organize were least complied with by the manufacturing firms. Overall, the firms' level of conformity with the six labor standards is only satisfactory, and there is no significant difference in the average degree of compliance based on their characteristics except for the level of profitability and the type of respondent.

It was found out that what management and labor consider as significant facilitating factors affecting the degree of labor standards compliance, are basically related to the contribution of workers in terms of efficiency, productivity, and harmonious relations with management; and to the employer's corporate social responsibility of adherence to the laws and respect for the rights and fair treatment of employees.

The findings also showed that the significant blocking factors to full compliance with the core labor standards are related to the management's concern about the high cost of operating the business; the inefficiency and low of productivity employees; the government's legal requirements which are impractical or unrealistic for the company; and the workers' fear of losing their jobs due to high unemployment, absence of clear guidelines and qualifications for employees, and non-adherence by management with labor standards.

Executive Summary

Similar to globalization, the issue of trade and international labor standards is not ever-new, but predates even the creation of the International Labor Organization (ILO) in 1919 which declares that “universal and lasting peace can be founded only on the basis of social justice”.

Given the background that at the moment, there is an increasing worldwide interest and public attention that is focused on the nexus between globalization of trade and human rights, and taking into consideration the debate on the highly controversial issue of the social clause, this paper aimed to: (1) determine the degree of compliance by companies with the six core ILO labor standards ratified by the Philippines; (2) identify the factors which hindered the companies in implementing the core labor standards; (3) find out the factors which facilitated the companies’ observance of the core labor standards; (4) determine the present stand of labor and management with regards to the inclusion of a “social clause” in international trade agreements like the WTO-GATT; and (5) identify policies that would ensure the protection of basic labor rights and adherence to the core labor standards; while at the same time, open markets, increase growth, create jobs, and share out the benefits of trade more fairly.

This study was based on two conceptual undertakings. These are the Theory of Corporate Social Performance of Archie Carroll and the Force Field Theory of Kurt Lewin.

Using descriptive and comparative research designs, a survey among 125 unionized and non-unionized manufacturing firms in Metro Manila was conducted with both the union and management representatives taken as respondents. A total of 175 respondents actually answered the survey questionnaire. Both descriptive and non-parametric statistics were used to analyze the data.

Results showed that a typical participating manufacturing company is non-unionized, comes from the food and beverage industry, owned by Filipino-Chinese, large in size both in employment and capitalization, registered as a corporation, has been operating for 21 years, and had an average level of profit last year.

Moreover, the characteristics of firms with relatively high satisfactory rating in observing the Core ILO Labor Standards is that which is non-unionized, from the plastic products sub-industry, owned by Filipino-Chinese, large in size (both in capitalization and employment), registered as a corporation, has been existing for 11-30 years, and has experienced a loss in income last year. On the other hand, the characteristics of enterprises with relatively low satisfactory compliance with the labor standards is unionized, from the rubber products sector, owned by Chinese, medium-sized in capitalization, small-sized in employment, registered as single proprietorship, operating for more than 40 years, and had low profit last year.

Significant findings revealed that among the six core labor standards, equal remuneration (ILO Convention No. 100) and freedom from discrimination in employment and occupation (ILO Convention No. 81) were highly complied with, while freedom of association and protection of the right to organize (ILO Convention No. 87) were least complied with by the manufacturing firms. Overall, the firms' level of conformity with the six labor standards is only satisfactory, and there is no significant difference in the average degree of compliance by the companies based on their characteristics except for the level of profitability and type of respondent.

It was found out that what management and labor consider as significant facilitating factors affecting the degree of labor standards compliance, are basically related to the contribution of workers in terms of efficiency, productivity, and harmonious relations with management; and to the employer's corporate social responsibility of adherence to the laws and respect for the rights and fair treatment of employees.

The findings also succinctly showed that the significant blocking factors to full compliance with the core labor standards are related to the management's concern about the high cost of operating the business; the inefficiency and low of productivity employees; the government's legal requirements which are impractical or unrealistic for the company; and the workers' fear of losing their jobs due to high unemployment, absence of clear guidelines and qualifications for employees, and non-adherence by management with labor standards.

The data pinpointed that a majority from management and union are in favor of a social clause. However, there are a few from both groups from management and from union who did not give their position due to their unfamiliarity with the issue. Based on the company profile, the firms which are more in favor of a social clause are those in the chemical products sub-sector, owned by Filipinos, registered as single proprietorship, have a large employment size, with medium capitalization, had an average profit last year, and have been operating its business for 2-10 years.

Several explanations were forwarded by the respondents who are in favor of a social clause. These reasons are that a social clause will: (1) help implement labor standards; (2) enhance/ help improve the quality and productivity of labor in the Philippines; (3) boost benefits on how firms can better compete in the world market; (4) serve as guide/protection for both union and management (5) be beneficial for both employees and management; and (6) enable companies to upgrade their standards as required in the global market.

On the contrary, those who are not in favor of the social clause expressed their reservations based on the following reasons: (1) small capitalists/companies will be affected or would sacrifice/cannot compete; (2) it will reduce the competitiveness of developing countries like ours since our competitiveness depends much on lower labor costs; (3) it would cause further unemployment; (4) focus/stabilize our local industry/business first before going global/not yet ready to compete; (5) government should first have the capability to implement the laws; and (6) there is no need for it/ not acceptable.

The ascent of globalization over the last two decades is only a start. With the expansion of globalization and the further liberalization of the economy, it is expected that the Philippines will continue to experience industrial adjustments and restructuring. Therefore, there is a great need for a stronger and more concerned cooperative partnership between and among the employers, unions, and governments of all participating countries in the global market to preserve the benefits and to turn the impact of globalization towards supporting and protecting the people, particularly the workers. Much needs to be done in the Philippines to protect basic workers' rights, particularly the freedom of association, the right to collective bargaining, the prohibition of forced labor and exploitative child labor, and non-discrimination in employment and occupation from the negative consequences of globalization. Moreover, the non-full compliance with the core labor standards cannot be solved effectively just by the adoption of a social clause which could be a basis for imposing trade sanctions, but must be complemented at the global and national levels with integrated and comprehensive programs aimed directly at modernizing the industrial relations system, poverty reduction, educational reforms, disclosure of information, and human resource development.

Based on the analyzed data and conclusion, the following policy recommendations, including those from the government, academe, employers and unions, were presented to address the concern of ensuring the protection of basic labor rights and full adherence to the core labor standards; while at the same time, realizing the goals to open markets, increase growth, create jobs, and share the benefits of trade more fairly in a globalized economy. Moreover, these recommendations are addressing specific national needs and are presented based on priority areas of concern. These are: (1) Modernize the entire Philippine industrial relations system: (1.1) Eliminate unnecessary rigidities on the exercise of workers' and employers' rights; (1.2) Change role of the State from a regulatory to a facilitative orientation; (1.3) Realign national laws with the ILO Conventions and treaties; (1.4) Promote plant-level initiatives toward voluntary self-regulation. (1.5) Develop and organize fully industry-based unionism and bargaining; and (1.6) Enhance participatory approach at the workplace. (2) Revise/Update regulatory or legal conditions and support mechanisms of implementing labor standards: (2.1) Strict enforcement of the core ILO labor standards. (2.2) Improve the monitoring system on firms; (2.3) Impose stiffer penalties for violations of the labor standards (2.4) Set up an industry-wide labor standards tripartite task force. (2.5) Make the violation of labor standards laws a strikeable issue; (2.6) Intensive information dissemination about the labor standards; and (2.7) Create an independent free legal aid office with an expert ombudsman of high calibre. (3) Development of human resources: (3.1) Upgrade skills of the workforce; (3.2) Promote employment security rather than job security; and (3.3) Include the Core Labor Standards as a topic in various education and training programs. (4) Institute other support systems at the national and international levels: (4.1) Formulate corporate codes of conduct for companies; (4.2) Monitor potential problem industries; (4.3) Provide additional financing support to companies, particularly the small ones; (4.4) Accelerate the efforts of the government to alleviate poverty; and (4.5) Forge stronger commitments to global ethics, justice and respect for the human rights of all people.

Factors Influencing the Observance of the Core ILO Labor Standards by Manufacturing Companies *

by Dr. Divina M. Edralin

“Global markets, global technology, global ideas, and global solidarity can enrich the lives of people everywhere, greatly expanding their choices. The growing interdependence of people’s lives calls for shared values and a shared commitment to the human development of all people.” (Human Development Report, 1999)

1. Introduction

Globalization is not really novel. It started way back in the early 16th century and the late 19th century. But the contemporary era of globalization is different due to its distinctive features. This modern globalization is characterized by “(1) **new markets** - foreign exchange and capital markets linked globally, operating 24 hours a day, with dealings at a distance in real time; (2) **new actors** - the World Trade Organization (WTO) with authority over national governments, the multinational corporations with more economic power than many states, the global networks of non-governmental organizations (NGOs) and other groups that transcend national boundaries; (3) **new tools** - internet links, cellular phones, media networks; and (4) **new rules** - multilateral agreements on trade, services and intellectual property, backed by strong enforcement mechanisms and more binding for national governments, reducing the scope for national policy” (Human Development Report, 1999).

Thus, this present day phenomenon is unfolding numerous opportunities for millions of people all over the world and offering enormous potential to eradicate poverty in the 21st century. Due to a lot of advantages and gains that globalization could give, many countries and states around the world since the 1980s have seized the opportunities of economic and technological globalization. This is also due to the intense discussions on the General Agreement on Tariffs and Trade (GATT) under the Uruguay Round of negotiations, where trade liberalization became a collective global concern. The main objective of the GATT is to increase world trade by improving the access of goods and services among its member countries. As a result of this participation, these countries and states have to adopt adjustment processes and structural reforms to enable their economy to benefit from the new global order. Trade liberalization of markets worldwide became a vital feature of structural adjustments necessary to cope with globalization. As a consequence, many countries outside of the industrialized countries and the

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newly-industrializing East Asian tigers (e.g. Chile, the Dominican Republic, India, Poland, Turkey) have unilaterally liberalized their economic policies. Moreover, the rapid dismantling of trade barriers among nations was facilitated by the establishment of the World Trade Organization (WTO) on January 1, 1995 with its comprehensive and binding character, and other regional groupings such as the ASEAN Free Trade Area (AFTA) and the Asia-Pacific Economic Cooperation (APEC) (Conferido and De Vries, 1998). The WTO, which replaced GATT, facilitates implementation and operation of all agreements and legal instruments in connection with the Uruguay Round trade agenda and provides a forum for all negotiations. It also reiterates the objectives of the GATT which are to: (1) raise the standards of living and income; (2) ensure full employment; (3) expand production and trade; and (4) use world resources optimally (DOLE, 1994). Aside from administering WTO trade agreements, the WTO also performs the functions of: (1) serving as a forum for trade negotiations; (2) handling trade disputes; (3) monitoring national trade policies; (4) providing technical assistance and training for developing countries; and (5) ensuring cooperation with other international organizations.

Like many other countries, the Philippines considered membership in these regional and international bodies as opportunities to take advantage of increased trade, new technologies, more foreign investments and expanding media, to accelerate the attainment of its own desired economic growth and human development. The government is optimistic that, in the long-run, workers will benefit from the trade opportunities offered by globalization through the promotion of internationally competitive industries (Barranco-Fernando, 1995). Thus, the foundations for globalization was started in 1981 when tariff reforms and import liberalization were implemented by the government. This was also followed by greater emphasis on export-orientation when R.A. 7844 (Export Development Act) and R.A. 7916 (Special Zone Act) were enacted in 1994 and 1995, respectively.

However, 20th-century globalization, in spite of its multifaceted benefits, has given rise to a number of interrelated concerns with respect to its social repercussions (Lee, 1997). This means that globalization has not worked fully for many people and countries, it has reaped more profits, but has benefited only a few. The social repercussions include unemployment, poverty, violation of human rights, marginalization of people, and instability of societies and vulnerability of people. These concerns are related to issues of employment, income distribution or equity, human security, development, and labor standards. Particularly in the Philippines, industries have to undergo a painful process of adjustment to achieve international competitiveness. Industrial adjustments resulted in cost-cutting and rationalization measures, often involving work rotations and retrenchment. The report of the Bureau of Labor and Employment Statistics (BLES) of the Department of Labor and Employment (DOLE) on employee termination, revealed that in 1995, when the GATT-WTO took effect, the total number of terminated workers increased to 59,858. Of this number, 32,462 lost their jobs due to closures, while another 19,558 were laid-off. The remaining 7,838 were either placed in job rotations and/or had their work time reduced. The manufacturing sector

accounted for 80% of these displacements (DOLE, 1996). Moreover, since the Philippines joined this global market competition framework or network, there have been shifts in employment patterns that defy conventional work settings and labor standards requirements. Since some traditional work arrangements and labor legislation now prove more difficult to enforce, this has given rise to labor sub-contracting and the problem of child labor. (Conferido and De Vries, 1998). The 1995 report of the National Statistics Office on the national survey of working children, showed that among children aged 5-17 years old, about 3.7 million worked. Findings of other studies (ILS, 1996; UP, 1993; Del Rosario, 1986; UPIIR, 1988) indicated that child labor is a prevalent situation in the country. Children are exposed to poor working environments, hired through subcontracting arrangements, and paid less than the minimum wage. Those working in the manufacturing sector are usually found in those processing products such as electronics, leather, garments (some are into exports), toy, handicrafts, food, textile, paper, plastic, and rubber products. There is a scarcity of data on the actual extent of child labor standards violations arising from trade liberalization in the country, but it is reasonable to expect that intensified economic activities brought about by liberalization may have contributed to their rise (Conferido and De Vries, 1998).

Similar to globalization, the issue of trade and international labor standards is not ever-new, but predates even the creation of the International Labor Organization (ILO) in 1919 which declares that “universal and lasting peace can be founded only on the basis of social justice”. The idea of international labor legislation and the work of the ILO was originated by Daniel Le Grand, a Frenchman, who, from 1840 to 1853, repeatedly appealed to several European governments for joint agreements on labor legislation as a means of eliminating merciless competition (ILO, 1982). The ILO, as a standard-setting and the only tripartite body of the United Nations, was established to undertake joint international action to improve labor conditions world wide. As such, one of its main features is to formulate and develop international labor standards which are intended to be universal in nature. However, it has no power to impose trade sanctions for violations of standards but relies instead on voluntary compliance and peer pressure. To date, it has a total of 174 member states and countries. Since its foundation, a system of international labor standards have evolved based on the adoption of international conventions which have the force of international law on ratifying countries. ILO Conventions are designed as obligation-creating instruments which have to be ratified, while Recommendations are standard-defining guidelines for national policy action. As of October, 1996, 180 Conventions have been adopted (with differing degrees of ratification) and backed up by a supervisory machinery and 185 Recommendations. The contents of the principal Conventions and Recommendations adopted since 1919 are on basic human rights (freedom of association, freedom from forced labor and freedom from discrimination), employment, conditions of work, social security, industrial relations, employment of women, employment of children and young persons, seafarers and fishermen, other special categories of workers, labor administration, and tripartite consultation. The Conventions on basic human rights are the most important of all ILO

Conventions, and are in fact also the Conventions which have been ratified by the largest number of countries (ILO, 1982). Furthermore, ILO data have shown that international labor standards have exerted and continue to exert their influence in every corner of the world, both in developed and developing countries. This reality may be attributable to the nature of the ILO Conventions, in that these have built-in flexibility which make them applicable to all countries regardless of their levels of development.

The Philippines became an ILO member on May 19, 1948 and, so far, the government has ratified 30 ILO Conventions. Six (6) of these 30 ratified Conventions are part of what are now referred to as the seven fundamental workers' rights or core Conventions which are central to the activities of the ILO (DOLE, 1998). These labor standards, as summarized in the book entitled "International Labor Standards in the Philippines", (DOLE, 1998) are:

1. Freedom of Association

1.1 Freedom of Association and Protection of the Right to Organize (ILO Convention No. 87)

"Provides that workers and employers, without distinction, have the right to establish and to join organizations of their own choosing with a view to furthering and defending their interests. Such organizations have the right to draw up their own constitution and rules; to elect their representatives, to organize their administration and to formulate their programmes. The acquisition of legal personality by organizations shall not be subjected to restrictive conditions. Public authorities shall refrain from any interference which would restrict or impede the lawful exercise of this right. The Convention likewise allows organizations to establish and join federations and confederations which shall enjoy the same rights and guarantees as well as to affiliate with international organizations".

1.2 Right to Organize and Collective Bargaining (ILO Convention No 98)

"Assures workers adequate protection against acts of anti-union discrimination such as refusal to employ, dismissal or any other prejudice by reason of trade union membership or participation in union activities. Workers' and employers' organizations are provided protection against acts of interference by each other. This protection is extended in particular against acts designed to promote the domination, the financing or the control of workers' organizations by employers' organizations".

2. Freedom from Forced Labor

2.1 Abolition of Forced Labor (ILO Convention No. 105)

"As a means of political coercion or education or as a punishment for holding or expressing political views ideologically opposed to the established political, social or economic system; as a method of mobilizing and using labor for purposes of economic development ; as a means of labor discipline; as a punishment for having participated in strikes; and as a means of racial, social, national or religious discrimination".

3. Equality of Opportunity and Treatment

3.1 Equal Remuneration (ILO Convention No. 100)

“Defines equal remuneration for work of equal value as remuneration established without discrimination based on sex. This principle may be applied by means of national laws or regulations, legal machinery for wage determination, collective agreements or a combination of these various means. One of the means specified for assisting in giving effect to the Convention is the objective appraisal of jobs on the basis of the work performed”.

3.2 Freedom from Discrimination in Employment and Occupation (ILO Convention No. 111)

“Assigns to each State which ratified it the fundamental aim of promoting equality of opportunity and treatment by declaring and pursuing a national policy aimed at eliminating all forms of discrimination in respect of employment and occupation. Discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction or social origin (or any other motive determined by the State Concerned) which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. The scope of the Convention covers access to vocational training, access to employment and to particular occupations and terms and conditions of employment. Member States who ratified this Convention undertake to repeal any statutory provisions and modify any administrative instructions or practices which are inconsistent with this policy, and to enact legislation and promote educational programmes which favor its acceptance and implementation in cooperation with employers’ and workers’ organizations. This policy shall be pursued and observed in respect of employment under direct control of a national authority, and of vocational guidance and training, and placement services under the direction of such authority”.

3.3 Minimum Age of Admission to Employment or Freedom from Child Labor (ILO Convention No. 138)

“Aims to effectively abolish child labor by setting a minimum age for admission to employment or work which shall be not less than the age of completion of compulsory schooling. The ratifying State undertakes to pursue a national policy designed to ensure the effective abolition of child labor and to raise progressively the minimum age for admission to employment or work to a level consistent with the fullest physical and mental development of young persons. The minimum age to be specified in conformity with the Convention shall not be less than age of completion of compulsory schooling and, in any case, shall not be less than 15 years. Developing countries may initially specify a minimum age of 14 years. The minimum age shall not be less than 18 years-or 16 years under certain conditions-for any type of employment or work which is likely to jeopardise the health, safety or morals of young persons. The Convention provides that limited categories of employment or work may be excluded from its application where special and substantial problems of application arise”.

Since the Philippine government has ratified these six core labor standards (except for the Forced Labor Convention No. 29 of 1930, which preceded the Abolition of Forced Labor Convention No. 105 of 1957), it is its obligation to ensure full compliance by the concerned parties.

However, various reports and studies seem to indicate that in the Philippines, non-full compliance with core labor standards are attributed to a number of factors . Some of these factors are:

- The Marcos Administration's policy of interfering with union organization and limiting collective bargaining in the export processing zones to encourage foreign investments there (Barranco-Fernando, 1995).
- The high unemployment and underemployment rate as reported by the BLES, DOLE (1989-1997) for the past years, have placed the workers under less secure and more flexible terms and conditions of employment even if the firms are unionized.
- The trend towards increasing flexibility of the labor process as manifested in the reduction of the core of permanent workers and the increase in the proportion of temporary and casual workers; the minimizing of influences from external trade unions by either eliminating unions or establishing a controllable (company) union; the increasing use of women, apprentices, and migrants; and expansion of sub-contracted productions and services, etc. (Edgren 1990). In fact, the most pervasive form of flexibility, especially in labor intensive industries like garments, are job subcontracting and service subcontracting. This is a strategy to reduce labor costs through lower wages, lessening of benefits and overhead costs, and dociling of militant trade unions.
- The government has achieved little success in its promotion of the national program of work ethics/ values development.
- Weak trade union movement due to splits low level of unionization as indicated by the organization of only about 10% of the total labor force, as well as the existence of numerous separate labor groups with differing political ideological among the said minimal organized section of the workforce.
- The rare usage of grievance procedures in organized firms and the lack of an effective mechanism to process employee grievances in non-unionized companies.
- The economic crisis and increased competition here and abroad have made it difficult for some companies and industries to survive, and have thus had to resort to cost-cutting measures such as retrenchments, lays-off, lowering of wages and benefits, etc. which are all disadvantageous to the workers.

Compliance with the labor standards, on the other hand, can be credited to factors such as the existence of legal restrictions (Labor Code); at the firm-level, trade unions have been adapting to the management initiatives towards instituting flexible work arrangements; industries that expand and become more profitable have been able to afford to hire more workers and grant better benefits to their workers; there is growing maturity in both labor and management; there is also greater support employers of government policy initiatives in the area of industrial relations since 1987; there is higher awareness of structural adjustments on the part of the employers, employees and the government which cushions their negative impact; and some successful private firms have initiated their own value development programs wherein efforts are made to upgrade the compensation system and improve working conditions and working relationships.

In recent years, greater pressures for enforcement of international labor standards have emerged in the United States and some European countries due to repeated violations of labor standards by many countries (Golub, 1997). Moreover, the increasing public awareness of exploitative labor practices and the political repercussions of popular anxieties over job losses in the industrialized countries, have probably contributed to the raising of the issue of a social clause in international trade agreements by these industrialized countries (Lee, 1997). In this regard, numerous proposals have been submitted to incorporate a provision about labor standards in the rules of the WTO. A 1994 ILO document puts it this way: "Social clauses are guarantees that a growing number of advocates wish to incorporate in international trade agreements to ensure that the gradual liberalization of markets is accompanied by improvements in conditions of work, or at least by the elimination of the most flagrant abuses and forms of exploitation." This clause would require each WTO member to recognize and enforce certain labor standards such as prohibition of forced labor, discrimination, child labor, and guaranteeing of the rights of workers to associate freely and engage in collective bargaining with employers. Failure to abide by these core labor standards would subject a country to international trade sanctions.

According to Lee (1997), the increasing public awareness of exploitative labor practices and the political repercussions of popular anxieties over job losses in the industrialized countries, have probably contributed to the raising of the issue of social clause in international trade agreements by some industrialized countries. However, the introduction of a social clause became a controversial issue and has provoked debates in the WTO. The political debate on the issue is mainly on whether or not a social clause should be included in trade agreements (Leary, 1996). The proponents of a social clause advocate a link between international labor standards and the liberalization of international trade. The idea is that violations of agreed international labor standards would be grounds for invoking trade sanctions. The labor standards usually referred to in this context are "core" ILO standards relating to the freedom of association, the right to collective bargaining, the prohibition of forced labor, equality of treatment and non-discrimination in employment, and minimum age (Conventions Nos. 29, 87,

98, 100, 105, 111 and 138). These standards have human rights dimensions as well as constituting fundamental framework conditions for the exercise of labor rights. Parallel to this are major concerns coming from an economic perspective. According to Lee (1997), these are the issues of:

- “(1) **whether harmonization of labor standards across countries is necessary to ensure fairness and a level playing field in international trade relationships** - the broad case for harmonization rests on the argument that some domestic policies, such as rules relating to market entry for foreign investors and environmental and labor standards, have an effect on a country's international competitiveness. For instance, countries with low environmental and labor standards would be gaining an unfair cost advantage vis-à-vis trading partners with higher standards. In that case, policy harmonization is essential to ensure a "level playing field" in international trading arrangements;
- (2) **whether there is a problem of a "race to the bottom" with respect to labor standards in an era of rapid globalization that has to be dealt with through cooperative international action** - the basic mechanism through which this is expected to happen is the pressure to cut costs of production in search of higher export shares and fight off import competition. This is reinforced by the competition for foreign investment in which the lowering of labor standards is used as an inducement to potential investors; and
- (3) **whether there should be a link between trade liberalization and labor standards, and the feasibility and potential effects of such link** - this rests on the notion that common international standards would constitute an infringement of national sovereignty. The basic point here is that notions of what constitutes fair labor standards and good industrial relations practices are relative and culture-specific. It has been argued that "universally condemned practices (such as slavery) are rare. Indeed, the reality is that diversity of labor practices and standards is widespread in practice and reflects, not necessarily venality and wickedness, but rather diversity of cultural values, economic conditions, and analytical beliefs and theories concerning the economic (and therefore moral) consequences of specific labor standards."

This social clause issue has been faced with a very strong opposition from developing countries as well. Opponents of such moves had countered that the allegations that were made that “low-wage labour and worker exploitation throughout the developing countries, particularly in the Far East, had led to a situation of unfair competition or **social dumping**” were merely dressed-up protectionism (Saunders, 1997).

On the other hand, the ILO policy on the social clause is that it should be incentive-oriented, where member states should be encouraged to pursue a genuinely active policy in order to ensure that social progress and trade

liberalization go hand in hand (Muntarbhorn, 1999). One ILO report argued that, in the long term, minimum labor standards contribute to economic progress, industrial innovation, and sustainable development. By the same token, a 1996 OECD study considered the impact of the social clause is such that the differences in core labor rights have little effect on competitiveness in the medium and long term. Imports from the South have only marginal effects on employment in the North.

In the Philippines, the discussion on the social clause gained momentum in the mid-90s when more progressive labor centers pursued this issue convinced that it can significantly affect the future of firms as well as the status of workers.

Various position papers were presented in the *Sentro ng Alternatibong Lingap Panlegal* and the Democratic Labor Caucus sponsored 1st and 2nd Input Discussions with the Academe, held on August 1 and September 18, 1996, (preparatory to the holding of a National Conference on the Social Clause on 16-19 October, 1996) regarding the implementation of international labor standards that are aimed to be linked to trade, through what was termed as a **social clause**. There it was determined that opposition against the imposition of the said **social clause** were because of the following reasons:

1. The social clause “does not take into account that there are different human rights standards between First World Countries and Third World Countries” (Dr. Fernando Aldaba, Globalization, GATT and Trade Liberalization).
2. A specific country may have its own unique characteristics and distinct circumstances compared with other countries so that “governments may have already taken direct actions aimed at improving labor standards, such as increasing employment, directly raising wages by means of a government wage policy in the public sector and setting minimum wages for the private sector”. Implementing international labor standards through a social clause will present difficulty for governments to make necessary changes in their own labor standards (Dr. Leonard Lanzona, International Trade, the Social Clause and Labor Standards).
3. Governments have to find a compromise or a consensus between social values and responsibilities, with those values and responsibilities of the individual reducing the number of options available to workers (Dr. Leonardo Lanzona, International Trade, the Social Clause and Labor Standards).
4. There will be difficulty in the enforcement of the standards. In addition, labor standards cannot be entrusted to an institution that is known to be composed of pro-TNC and pro-capital interests - the WTO (Atty. Tony Salvador, Introduction to the 2nd Input Session on the Social Clause).

5. The sanctions as a tool to enforce the labor standards might prove to be a way that is not judicious because it might “penalize other sectors not party to the violation.” In addition it would be “difficult to penalize countries with small or very weak fiscal position. Trade sanction can greatly affect a country’s economy (Dr. Fernando Aldaba, Globalization, GATT and Trade Liberalization).
6. International labor standards focus more on industries in the export sector as well as workers in the formal sector, thereby failing to address labor concerns of workers in the informal sector as well as of those in non-export industries (Manny Esguerra, Reaction).

Consequently, the documents presented in the National Conference on the Social Clause held in October 16-18, 1998 in Quezon City, Philippines through the sponsorship of SALIGAN and the Democratic Labour Caucus highlighted these points:

1. the concept behind the social clause is the proposed linkage of trade and labor rights bodies/ blocs;
2. a social clause is a proposed provision in a trade agreement to enforce certain specific labor rights as a condition for continued enjoyment of all the benefits and privileges in the trade agreement;
3. there are arguments for and against the linkage of trade and labor rights related to protectionism and economics.

Prior to these two caucuses on the social clause, the Tripartite-Workshop on “The General Agreement on Tariffs and Trade (GATT) and the Social Clause: Implications For Philippine Business and Labor” was held on July 14-15, 1994 in Sulo Hotel sponsored by the ILO, UP-SOLAIR and Friedrich Ebert Stiftung. The positions of employers, labor and government on the topic were presented:

The employers view of the social clause was presented by the president of Employees Confederation of the Philippines (ECOP) Atty. Ancheta Tan in the paper entitled “Impact of the Social Clause on Philippine Business”. Atty. Tan asserted that:

The social clause agreement would require the compliance with certain labor standards for trade agreements and concessions. If you are a developing country you are always at a disadvantage unless there is a level playing field. The business community, the employers’ organizations and the developing countries are against the social clause because it is contradictory when viewed in the light of our liberalizing trade. We are trying to remove the barriers to trade among countries but at the same time restricting it because we are compelling developing countries, exporting countries, to observe certain standards, otherwise they do not give trade concessions. It is a one-way transaction. It is restricting developing countries from being competitive with their industrialized neighbors. And so we feel

from the business point of view that the social clause will not only restrict business activities, but it will also penalize workers. If you insist on compliance with certain standards which you cannot meet, you will have to retrench. You will have to close shop, among other, counter-productive measures. We feel that in the end we are defeating the purpose of liberalization if there should be a linkage between compliance with certain labor standards with that of trade agreements. Finally, one objection to the social clause is the fact that this is a way of forcing ratification of certain standards of the International Labor Organizations. Right now, compliance with labor standards is voluntary. But with a social clause, you are actually forcing indirectly the State to ratify these conventions.

The government's position was presented by Bienvenido Laguesma, who was then the Undersecretary for Labor Relations of DOLE in the paper "Philippine Government Policy on the Social Clause: The Local Perspective." Atty. Laguesma explained that:

The Philippine position on this issue has always been clear. The Philippine government is committed to the upliftment of labor standards. A system of universal labor standards is an essential aspect of human development, and must therefore be accorded utmost respect at all times. These standards must likewise undergo a constant evolutionary process, with the International Labor Organization as the main forum. But ideally, universal labor standards, should pertain only to minimum and basic standards. Above these, there should be a flexible range which allows for different applications to accommodate the peculiar conditions of each country. Universality should not be simplified to mean absolute uniformity. Standards should not be applied so rigidly as to exact the same degree of compliance from countries with different levels of development. There is no sense in forcing equal standards on nations that are decidedly unequal. Tariff and non-tariff barriers may have fallen. But the global trading field remains uneven. Special and differential treatment is therefore necessary to allow developing and less developed countries, to compete with developed ones.

The workers' position on the other hand, was presented by Atty. Ibarra Malonzo, president of National Federation of Labor based on the paper "GATT and the Social Clause: Implications to Philippine Labor and Industrial Relations". Atty. Malonzo indicated that Labor:

“ supports the social clause proposal of ICFTU. The adoption of a social clause within WTO will give a strong push to the labor movement's efforts to improve labor standards and productivity of our farms and factories.

At the end of the conference, the following points were concluded:

- 1. There is a need for a continuing study and review of the concept and mechanics of the social clause and its impact on labor and business;*

2. *That labor's position is to link compliance with labor standards to international trade agreements;*
3. *That the employers' position is supportive of the government's official position, which is not to link labor standards with international trade agreements;*
4. *That there is a consensus on the need to improve labor standards in the context of global competitiveness and within the overall framework of human and national development.*

What is clear from various documentation on the social clause is that it has been and continue to be a controversial issue of debate. The debate has raised broad questions related to political, economic, and moral concerns. More so, the debate has helped in creating an apparent identity positions between labor and management.

Given the background that at the moment, there is an increasing worldwide interest and public attention that is focused on the nexus between globalization of trade and human rights, and taking into consideration the debate on the highly controversial issue of the social clause, this paper aims to:

1. Determine the degree of compliance by companies with the following core ILO labor standards ratified by the Philippines:
 - 1.1 Freedom of Association -
 - 1.1.1 Freedom of Association and Protection of the Right to Organize (ILO Convention No. 87)
 - 1.1.2 Right to Organize and Collective Bargaining (ILO Convention No. 98)
 - 1.2 Freedom from Forced Labor -
 - 1.2.1 Abolition of Forced Labor (ILO Convention No. 105)
 - 1.3 Equality of Opportunity and Treatment -
 - 1.3.1 Equal Remuneration (ILO Convention No. 100)
 - 1.3.2 Freedom from Discrimination in Employment and Occupation (ILO Convention No. 81)
 - 1.3.3 Minimum Age of Admission to Employment or Freedom from Child Labor (ILO Convention No. 138)
2. Identify the factors which hindered the companies in implementing the core labor standards;
3. Find out the factors which facilitated the companies' observance of the core labor standards;
4. Determine the present stand of labor and management with regards to the inclusion of a "social clause" in international trade agreements like the WTO-GATT; and

5. Identify policies that would ensure the protection of basic labor rights and adherence to the core labor standards; while at the same time, open markets, increase growth, create jobs, and share out the benefits of trade more fairly.

2. Theoretical Framework

This study was based on two conceptual undertakings. These are the Theory of Corporate Social Performance and the Force Field Theory.

The theory of Corporate Social Performance of Archie Carroll was briefly discussed by Stoner, Freeman, and Gilbert in their book on Management (1995). The first version of this theory by Carroll was written in the Academy of Management Review in the article "A Three Dimensional Conceptual Model of Corporate Social Performance" (1979) and was further discussed in the article "An Empirical Examination of the Relationship Between Corporate Social Responsibility and Profitability" (1985). This theory states that the arena of social responsibility debates is shaped by economic, legal, and ethical principles. The importance of Corporate Social Responsibility for human rights has been underscored by the opening of markets worldwide and the adoption of international, national and local measures to attract capital investments. The Philippines, for example, supports free enterprise (an economic principle), the public's right to a safe workplace (a legal principle), and equal employment opportunity (an ethical principle). Together these principles create a "social contract" between business and society that permits companies to act as moral agents. In individual companies, managers try to implement the principles of the social contract in their decision-making processes and in their company policies. This theory was used in this study as a framework for analyzing the degree of compliance of manufacturing companies with the core ILO labor standards and for determining their stand regarding the inclusion of a social clause in international trade agreements to protect labor. Since the Philippines is an active member of the ILO and has ratified its core labor standards, it is the social responsibility of the firms to implement these said standards. By the same token, since the Philippines is a member of APEC, it is also the social responsibility of the firms to make a clear stand on the social clause.

The Force Field Theory of Kurt Lewin, was also briefly discussed by Stoner, Freeman and Gilbert in their book on Management (1995). This system of thought was derived from the originally labelled "Field Theory" of Lewin in 1946 based on his numerous social psychology researches which was published in the books **Resolving Social Conflicts** (G. Lewin (editor), 1967), **A Dynamic Theory of Personality** (1935) and **Field Theory in Social Science: Selected Theoretical Papers** (1951). This analytical framework indicates that every behavior is the result of an equilibrium between driving and restraining forces. The driving forces push one way; the restraining forces push the other. The performance that emerges is a reconciliation of the two sets of forces. This theoretical framework was utilized in this study to determine the facilitating and hindering factors

influencing the degree of observance of the Core ILO Labor Standards by manufacturing companies. Moreover, using Lewin's system of thought, the study examined the multiple causes of the degree of compliance rather than focused on a single cause.

Based on these theories, the following operational framework, as shown in the schematic diagram, illustrates the dynamic interrelationships of the major variables that were investigated.

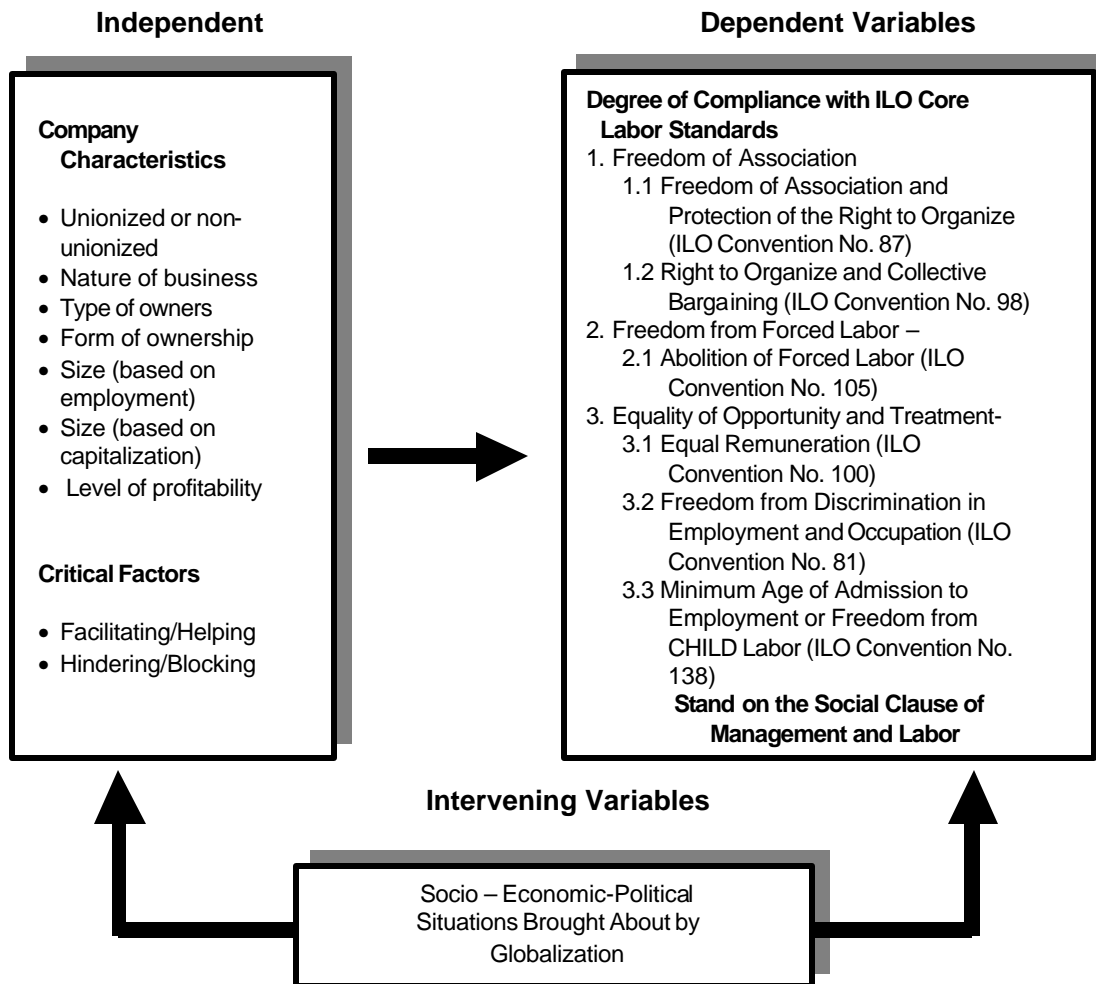


Figure 1. Operational Framework

3. Methodology

Descriptive and comparative research designs were employed to achieve the objectives of the study.

A survey among 125 unionized and non-unionized manufacturing firms in Metro Manila was conducted with both the union and management representatives taken as respondents: A total of 175 respondents actually answered the survey questionnaire. Convenience sampling was used as a

method in the selection of samples. This non-probability sampling technique was used due to the sensitive nature of the research information needed to be collected from the companies. As such many companies refuse to cooperate in answering the survey form. Table 1 presents the distribution of the actual samples. An aggregate of 75 non-unionized and 50 unionized enterprises cooperated in the study. Of this sample, twelve (12) sub-industries were covered, with the most number of establishments coming from the food and beverage (24) and the fewest coming from the footwear and leather products sectors (3).

Table 1. Distribution of Sample Manufacturing Firms and the Type of Respondents

Type of Sub-Industry	Non-Unionized Management Representatives	Unionized		Over-all	
		Mgt. Rep.	Union Rep.	Firms	Reps.
1. Food and Beverage	12	12	12	24	36
2. Textile and Wearing Apparel	14	8	8	22	30
3. Chemical Products	7	6	6	13	19
4. Plastic Products	4	4	4	8	12
5. Steel, Metal and Iron Products	8	6	6	14	20
6. Footwear and Leather Products	2	1	1	3	4
7. Furniture and Wood Products	4	1	1	5	6
8. Paper and Paper Products	6	1	1	7	8
9. Machinery and Equipment	5	1	1	6	7
10. Rubber Products	3	1	1	4	5
11. Electronic Products	7	3	3	10	13
12. Others (Ceramics, Nameplates, etc.)	3	6	6	9	15
Total	75	50	50	125	175

The nine-page survey questionnaire, which had been translated to Filipino and pre-tested, focused on gathering data related to company profile, union profile, degree of compliance with the six core ILO labor standards, critical facilitating and hindering factors in implementing the core labor standards, perception if the union is helping the company to become globally competitive, stand of management and labor with regards to the inclusion of a social clause in international trade agreements, and suggestions that would ensure the protection of basic labor rights and adherence to the core labor standards. Compliance with the six core ILO labor standards was measured by generating about four (4) to seven (7) items for each core labor standard, totally 33 items based on the provision/articles of ILO Conventions ratified by the Philippines. The 33 items were pretested and the test of Friedman chi-square was used to determine their reliability. The reliability test resulted to reliable level at $p \geq 0.05$. The results of the test showed the following: (1) Freedom of Association: $p = .1191$; (2) Right to organize and Collective Bargaining: $p = .1056$; (3) Abolition of Forced Labor: $p = .6692$; (4) Equal Remuneration: $p = .2585$; (5) Freedom from Discrimination: $p = .2114$; and (6) Freedom from Child Labor: $p = .1993$.

Since the determination of the degree of compliance with core labor standards is the main focus of the study, a 5-point Likert scale (5 – Strongly Agree; 4 – Agree; 3 – Neither Agree nor Disagree; 2 – Disagree; 1 – Strongly Disagree) was used in each of the 33 generated items to measure objectively such degree of adherence to the Core Labor Standards. Then, the average computed score was converted to this norm to interpret the degree of observance with the labor standards: 5 = Full Compliance; 4.00–4.99 = High Compliance; 3.00–3.99 = Satisfactory Compliance; 2.00– 2.99 = Fair; 1.00–1.99 = Low Compliance. The rating given by the respondents in each of the items were used to compute for the mean rating for each of the labor standards. As an example, items 1 to 13 were averaged to compute for the mean rating for ILO Convention No. 87. To get the overall mean rating, all 33 items were considered in the computation of the average score. For unionized firms, ratings of union and management representatives were averaged to get the mean rating of compliance of a unionized company.

The collected data were analyzed with the aid of the Statistical Package for Social Science (SPSS) program. The percentage, mean, and simple ranking were utilized for the descriptive part. To test significant differences in the mean scores between the groups (unionized vs. non-unionized, by nature of business, type of owners, by form of ownership, by size of company based on employment and capitalization, by level of profitability, by number of years of existence, and other characteristics) a non-parametric tool (Kruskall-Wallis One-Way Anova Test) using the chi-square (χ^2) test statistic was applied. To compare responses of union and management representatives, the Wilcoxon Matched Pairs Signed Ranks Test was used. The confidence level of $\alpha = 0.05$ was the basis for determining the significant outcomes.

4. Findings

4.1 Profile of Companies

One hundred and twenty five (125) manufacturing companies located in Metro Manila participated in the survey. These firms, which represent the 12 sub-industries in the manufacturing industry, were composed of 75 non-unionized and 50 unionized establishments. Classified by type of owners, 38.40% are Filipino-Chinese, 31.20% are Filipino, 19.20% are multinationals, and 11.20% are Chinese. By size of employment, 52.80% are large, 38.40% are medium, and 8.00% are small. Moreover, these firms, which are predominantly corporations (73.60%), had been in existence for an “average” of 21 years, with some of the establishments operating for at least two years and for as long as more than 40 years. Last year, 78.40% of the firms claimed that their level of profit was average, 10.40% experienced a low level of profit, 6.4% incurred a loss, and 4.80% had broke even. Refer to Table 2.

A typical participating manufacturing company therefore is non-unionized, comes from the food and beverage industry, owned by Filipino-Chinese, large in size both in employment and capitalization, registered as a

corporation, has been operating for 21 years, and had an average level of profit last year. (Refer to Figure 2).

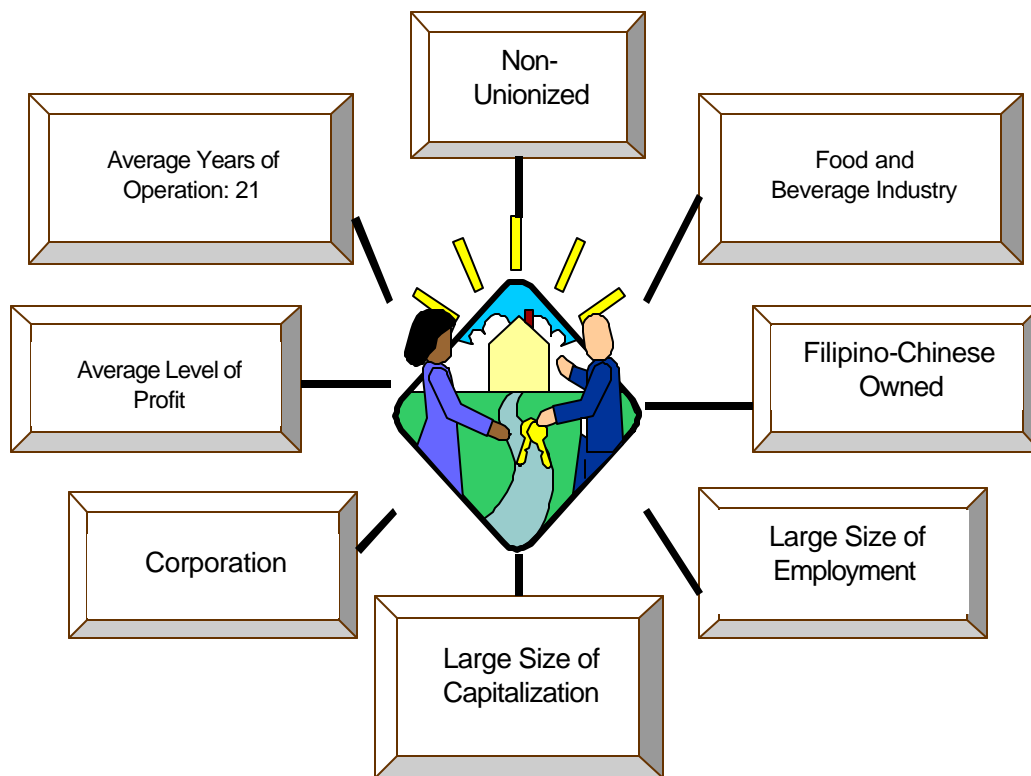


Figure 2. Profile of a Typical Participating Manufacturing Company

Table 2. Profile of Participating Manufacturing Companies

Classification	Frequency	%
A. Unionization		
1. Unionized	50	40.00
2. Non-Unionized	75	60.00
Total	125	100.00
B. By Nature of Business		
1. Food and Beverage	24	19.20
2. Textile and Wearing Apparel	22	17.60
3. Chemical Products	13	10.40
4. Plastic Products	8	6.40
5. Steel, Metal and Iron Products	14	11.20
6. Footwear and Leather Products	3	2.40
7. Furniture and Wood Products	5	4.00
8. Paper and Paper Products	7	5.60
9. Machinery and Equipment	6	4.80
10. Rubber Products	4	3.20
11. Electronic Products	10	8.00
12. Others (Ceramics, Nameplates, etc.)	9	7.20
Total		

Table 2. (con't.)

Classification	Frequency	%
C. By Type of Owners		
1. Filipino	39	31.20
2. Chinese	14	11.20
3. Filipino-Chinese	48	38.40
4. Multinational/Transnational	24	19.20
Total	125	100.00
D. By Form of Ownership		
1. Single Proprietorship	23	18.40
2. Partnership	10	8.00
3. Corporation	92	73.60
Total	125	100.00
E. Size (Based on Employment)		
1. Small (less than 20 employees)	11	8.80
2. Medium (20-99 employees)	48	38.40
3. Large (100 and more employees)	66	52.80
F. Size (Based on Capitalization)		
1. Small (P5 million and less)	17	13.60
2. Medium (P5 million – P20 million)	44	35.20
3. Large (more than P20 million)	64	51.20
Total	125	100.00
G. Level of Profitability		
1. Loss	8	6.40
2. Breakeven	6	4.80
3. Low Profit	13	10.40
4. Average Profit	98	78.40
Total	125	100.00
H. Number of Years of Existence		
1. 2-10 years	48	38.40
2. 11-20 years	32	25.60
3. 21-30 years	16	12.80
4. 31-40 years	6	4.80
5. More than 40 years	23	18.40
Total	125	100.00
Average Number of Years of Existence	21.00	

In unionized companies, the union had been operating for an average of 14.50 years. They have an average membership of 331 employees. There are 30 (60%) independent local unions and 20 (40%) federated or affiliated workers' organizations. The federated local unions have been affiliates of federations, like the Kapatiran ng Makabayang Obrero (KAMAO), National Federation of Labor (NFL), Federation of Free Workers (FFW), Lakas Manggagawa sa Pilipinas (LMP), Obrero Manggagawang Filipino, United Filipino Service Workers (UFSW), Kilusang Mayo Uno (KMU), Confederation of Free Workers (CFW), and Philippine Transport and General Workers, Organization (PTGWO), for an average of eight (8) years. Eighty four percent (84%) of the unions have existing CBAs while 16 % stated that they do not have a CBA yet. (Refer to Table 3).

A profile of the typical participating unionized manufacturing company is presented in Figure 3.

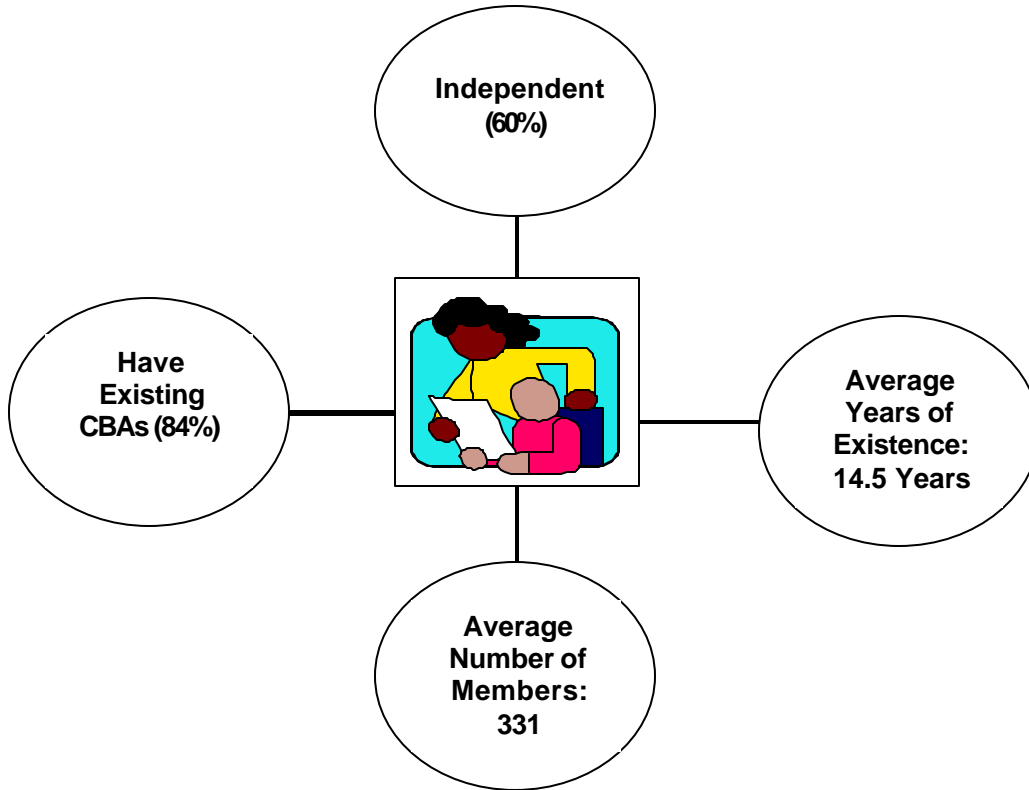


Figure 3. Profile of a Typical Participating Unionized Manufacturing Company

Table 3. Profile of the Participating Unionized Manufacturing Firms

	Frequency	Percentage
A. Number of Years of Existence		
1. 1-10 years	26	52.00
2. 11-20 years	14	28.00
3. 21-30 years	6	12.00
4. 31-40 years	1	2.00
5. More than 40 years	3	6.00
Total	50	100.00
Average Number of Years of Existence	14.50	
B. Number of Union Members		
1. 15-30 members	7	14.00
2. 31-60 members	6	12.00
3. 61-90 members	5	10.00
4. More than 90 members	32	64.00
Total	50	100.00
Average Number of Members	331.00	
C. Affiliation		
1. Independent	30	60.00
2. Federated	20	40.00
Total	50	100.00

Table 3. (con't.)

	Frequency	Percentage
D. Federations to which the Unions are Affiliated		
1. KAMAO	6	30.00
2. National Federation of Labor	2	10.00
3. Federation of Free Workers	2	10.00
4. Lakas Manggagawa sa Pilipinas	2	10.00
5. Obrero Manggagawang Filipino	1	5.00
6. United Filipino Service Workers	1	5.00
7. Kilusang Mayo Uno	1	5.00
8. PTGWO	1	5.00
9. Confederation of Free Workers	1	5.00
10. Name of Federation Not Indicated	3	15.00
Total	20	100.00
E. Number of Years of Affiliation with the Federation		
1. Less than a year	3	15.00
2. 1-10 Years	11	55.00
3. 11-20 Years	4	20.00
4. 21-30 Years	2	4.00
Total	20	100.00
Average Number of Years of Affiliation	8.00	
F. CBA Status		
1. Existence of a CBA	42	84.00
2. Do not have a CBA	8	16.00
Total	50	100.00

4.2 Degree of Compliance with Core ILO Labor Standards

Six (6) ILO Conventions or what are now referred to as core conventions or labor standards related to the fundamental workers' rights ratified by the Philippines are the main focus of the study. Manufacturing companies in Metro Manila were surveyed to determine their degree of compliance with these labor standards using a 5-point Likert scale (5 = Full Compliance; 4.00-4.99 = High Compliance; 3.00-3.99 = Satisfactory Compliance; 2.00-2.99 = Fair Compliance; 1.00-1.99 = Low Compliance).

Based on the responses of the 175 union and management representatives, *equal remuneration* (ILO Convention No. 100) ($x = 4.05$) and *freedom from discrimination in employment and occupation* (ILO Convention No. 81) ($x = 4.02$) were highly complied with, while *freedom of association and protection of the right to organize* (ILO Convention No. 87) ($x = 3.38$) was the least observed labor standards (Refer to Table 4). Overall, the firms' level of conformity with the six labor standards is only satisfactory ($x = 3.77$), and there is no significant difference in the average degree of compliance by the unionized ($x = 3.76$) and non-unionized ($x = 3.78$) companies as indicated by the Kruskal-Wallis One Way Anova test ($x^2 = 0.0320$; $p = 0.8580$). However in taking each of the ILO Labor Standards, there is a significant difference in the mean rating of compliance of unionized and non-unionized firms, except for ILO Convention No. 100. (Refer to Table 5). The results of having a significant difference in the individual labor standard but no difference for the over-all mean rating may be attributed to the variance within the sample. Chi-square considers variance in the computation of the test statistic Table 4 shows how mean rating of compliance differs for each of the labor standard but no significant difference of results was obtained when over-all mean rating was considered.

Table 4. Degree Compliance with Core ILO Labor Standards by Manufacturing Companies

Classification of Firms	Freedom of Association and Protection of the Right to Organize (No. 87)	Right to Organize and Collective Bargaining (No. 98)	Abolition of Forced Labor (No. 105)	Equal Renumeration (No. 100)	Freedom from Discrimination in Employment and Occupation (No. 81)	Minimum Age of Admission to Employment or Freedom from Child Labor (No. 138)	Over-All
A. Unionized vs Non-Unionized							
1. Unionized	3.80	3.83	3.43	3.89	3.89	3.73	3.76
2. Non-Unionized	3.10	3.27	4.03	4.15	4.10	3.99	3.78
B. By Nature of Business							
1. Food and Beverage	3.57	3.81	3.63	4.40	4.04	3.80	3.87
2. Textile and Wearing Apparel	3.32	3.32	3.92	3.91	4.28	3.80	3.76
3. Chemical Products	3.00	3.51	4.07	4.05	3.79	4.02	3.74
4. Plastic Products	3.77	3.75	3.93	4.14	4.15	3.91	3.94
5. Steel, Metal and Iron Products	3.56	3.43	3.76	4.03	4.02	3.88	3.78
6. Footwear and Leather Products	3.67	3.89	3.27	3.87	4.11	3.75	3.89
7. Furniture and Wood Products	3.20	3.25	3.56	4.12	4.27	4.15	3.76
8. Paper and Paper Products	3.04	3.00	4.14	4.23	4.17	4.46	3.84
9. Machinery and Equipment	2.95	3.43	3.52	3.75	3.79	4.17	3.60
10. Rubber Products	3.29	3.58	3.95	3.20	3.44	3.88	3.56
11. Electronic Products	3.26	3.29	3.56	4.14	3.93	3.89	3.68
12. Others	3.63	3.46	3.76	3.64	3.66	3.25	3.57

⊗ Mean responses based on the 5-point Likert Scale (5 = full compliance; 4:00-4.99 = high compliance; 3:00-3.99 = satisfactory compliance; 2:00-2.99 = fair compliance; 1:00-1.99 = low compliance)

Table 4. Degree of Compliance with Core ILO Labor Standards by Manufacturing Companies (continued)

Classification of firms	(No. 87)	(No. 98)	(No. 105)	(No. 100)	(No. 81)	(No. 138)	Over-All
C. By Type of Owners							
1. Filipino	3.17	3.41	4.01	4.24	3.97	4.01	3.80
2. Chinese	3.45	3.61	3.24	3.76	3.86	3.72	3.61
3. Filipino-Chinese	3.49	3.53	3.75	4.09	4.10	3.90	3.81
4. Multinational	3.47	3.49	3.85	3.82	4.03	3.73	3.73
D. By Form of Ownership							
1. Single Proprietorship	3.29	3.46	3.71	3.90	3.98	3.92	3.71
2. Partnership	3.22	3.23	3.99	4.02	3.98	4.13	3.76
3. Corporation	3.43	3.53	3.79	4.09	4.03	3.85	3.79
E. By Size of Employment							
1. Small (below 20 employees)	2.62	3.22	3.86	3.82	4.45	4.00	3.66
2. Medium (20-99 employees)	3.23	3.37	3.75	4.15	3.95	3.89	3.73
3. Large (100 and above employees)	3.61	3.63	3.81	4.01	4.00	3.86	3.82
F. By Size of Present Capitalization							
1. Small (less than PhP 5 million)	3.17	3.41	3.88	3.90	4.32	4.03	3.78
2. Medium (between PhP 5 to PhP20 million)	3.29	3.36	3.89	4.01	4.01	3.88	3.74
3. Large (above PhP 20 million)	3.50	3.62	3.70	4.11	3.94	3.84	3.79
G. By Level of Profitability							
1. Loss	4.04	3.91	4.28	4.15	4.10	4.08	4.09
2. Breakeven	3.31	3.32	4.23	4.37	4.22	4.23	3.95
3. Low Profit	3.42	3.40	3.29	4.09	4.14	3.67	3.67
4. Average Profit	3.33	3.48	3.79	4.01	3.98	3.87	3.75

Table 4. Degree of Compliance with Core ILO Labor Standards by Manufacturing Companies (continued)

Classification of firms	(No. 87)	(NO. 98)	(No. 105)	(No. 100)	(No. 81)	(No. 138)	Over-All
H. By Number of Years of Existence of Company							
1. 2-10 Years	3.14	3.29	3.91	3.99	4.21	3.99	3.76
2. 11-20 Years	3.40	3.44	3.67	4.12	4.02	3.93	3.76
3. 21-31 Years	3.52	3.81	3.83	3.99	3.91	3.91	3.83
4. 31-40 Years	3.85	3.62	3.94	3.78	3.85	3.97	3.83
5. More than 40 Years	3.59	3.71	3.54	4.30	3.67	3.56	3.73
I. By Respondent							
Union	3.75	3.66	3.62	3.71	3.56	3.53	3.72
Management	3.86	4.01	4.18	4.08	4.21	3.93	4.04
J. By Number of Years of Existence of Union							
1. 1-10 Years	3.68	3.73	3.46	3.87	4.04	3.82	3.77
2. 11-20 Years	3.93	4.01	3.36	3.99	3.88	3.85	3.84
3. 21-30 Years	4.01	3.85	3.23	4.02	3.67	3.25	3.67
4. 31-40 Years	4.07	4.17	4.50	3.80	3.88	3.88	3.75
5. More Than 40 Years	3.76	3.81	3.50	3.40	3.06	3.25	3.46
K. By Number of Union Members							
1. 15-30 members	3.98	3.74	3.06	3.81	3.74	3.80	3.69
2. 31-60 members	3.50	3.46	2.67	3.95	4.00	3.79	3.56
3. 61-90 members	3.14	3.85	4.04	3.70	3.78	3.88	3.73
4. More than 90 Members	3.92	3.92	3.56	3.93	3.91	3.67	3.82
L. By Affiliation							
Independent	3.74	3.86	3.30	3.85	3.82	3.60	3.70
Federated	3.89	3.80	3.62	3.95	3.98	3.91	3.86

Table 4. Degree of Compliance with Core ILO Labor Standards by Manufacturing Companies (continued)

Classification of firms	(No. 87)	(NO. 98)	(No. 105)	(No. 100)	(No. 81)	(No. 138)	Over-All
M. By Number of Years Affiliated							
1. Less than a year	3.60	3.45	3.93	4.00	4.11	3.71	3.80
2. 1-10 Years	3.77	3.70	3.15	3.95	3.81	3.92	3.72
3. 11-20 Years	4.23	4.25	4.18	4.22	4.08	4.03	4.17
4. 21-30 Years	4.00	3.79	3.50	3.75	4.08	3.94	3.84
N. By CBA Status							
1. Existence of a CBA	3.98	3.90	3.40	3.93	3.90	3.72	3.81
2. Absence of a CBA	2.85	3.48	3.55	3.67	3.79	3.73	3.51
Over-All Mean Response	3.38	3.50	3.79	4.05	4.02	3.88	3.77

Table 5. Significance Tests on the Degree of Compliance to Core Labor Standards by Manufacturing Firms

Classification of firms	Freedom of Association and Protection of the Right to Organize (No. 87)	Right to Organize and Collective Bargaining (No. 98)	Abolition of Forced Labor (No. 105)	Equal Renumeration (No. 100)	Freedom from Discrimination in Employment and Occupation (No. 81)	Minimum Age of Admission to Employment or Freedom from Child Labor (No. 138)	Over-All
I. Unionized vs Non-Unionized (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 39.1192$ P = 0.0000**	$\chi^2 = 32.0633$ P = 0.0000**	$\chi^2=11.2669$ P=0.0008**	$\chi^2= 2.4246$ P = 0.1194	$\chi^2 = 5.0210$ P = 0.0250**	$\chi^2= 4.4845$ P = 0.0342**	$\chi^2 = 0.0320$ P = 0.8580
J. By Nature of Business (Kruskal-Wallis One-Way Anova Test)	$\chi^2 =14.7112$ P = 0.1961	$\chi^2 = 21.0193$ P = 0.0332**	$\chi^2=6.4701$ P=0.8402	$\chi^2=9.3131$ P=0.5930	$\chi^2 = 18.2543$ P = 0.0759	$\chi^2=13.7193$ P= 0.2489	$\chi^2=6.6587$ P=0.8260
K. By Type of Owners (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 5.9981$ P = 0.1117	$\chi^2 = 1.3060$ P = 0.7277	$\chi^2=6.2694$ P=0.0992	$\chi^2=4.4416$ P=0.2176	$\chi^2 = 2.2487$ P = 0.5224	$\chi^2 = 4.5540$ P = 0.2075	$\chi^2=4.6280$ P=0.2012
L. By Form of Ownership (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 1.7718$ P =0.4123	$\chi^2 = 3.3590$ P = 0.1865	$\chi^2=1.4285$ P=0.4896	$\chi^2=0.9420$ P=0.6244	$\chi^2 = 0.0488$ P = 0.9759	$\chi^2 = 1.1137$ P= 0.5730	$\chi^2=0.9798$ P=0.6127
M. By Size of Employment (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 19.4622$ P = 0.0001**	$\chi^2 = 9.5779$ P = 0.0083**	$\chi^2=0.6551$ P=0.7207	$\chi^2=2.1587$ P= 0.3398	$\chi^2 = 0.0912$ P = .9554	$\chi^2 = 0.3364$ P = 0.8452	$\chi^2 = 4.5315$ P = 0 .1038
N. By Size of Present Capitalization (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 6.7113$ P = 0.0349**	$\chi^2 = 7.6717$ P = 0.0216**	$\chi^2=1.6416$ P=0.4401	$\chi^2=0.9932$ P=0.6086	$\chi^2 = 3.3987$ P = 0 .1828	$\chi^2 = 0.7059$ P = 0.7026	$\chi^2 = 0.1848$ P = 0.9118

Note : χ^2 test statistic is significant when p \leq 0.05 which means that there is a significant difference between the mean response of the groups under study

Table 5. Significance Tests on the Degree of Compliance to Core Labor Standards by Manufacturing Firms (Continued)

Classification of firms	(No. 87)	(No. 98)	(No. 105)	(No. 100)	(No. 81)	(No. 138)	Over-All
O. By Level of Profitability (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 7.6278$ P = 0.0544	$\chi^2 = 4.7766$ P = 0.1889	$\chi^2=13.1601$ P=0.0043**	$\chi^2=5.2683$ P=0.1532	$\chi^2 = 5.4050$ P = 0.1444	$\chi^2 = 5.7269$ P = 0.1257	$\chi^2 = 9.8917$ P=0.0195**
P. By Number of Years of Existence of Company (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 13.4199$ P = .0094**	$\chi^2 = 13.0333$ P = 0.0111**	$\chi^2=3.1401$ P=0.5347	$\chi^2=2.4103$ P=0.6608	$\chi^2 = 7.2664$ P = 0.1225	$\chi^2 = 2.7949$ P = 0.5927	$\chi^2 = 1.4557$ P = 0.8345
O. Union vs Management (Wilcoxon Matched Pairs Signed Ranks Test)	Z = -1.4902 P = 0.1362	Z = -2.7004 P = 0.0069**	Z=-6.0228 P=.0000**	Z=-2.7084 P=0.0068**	Z = -3.4141 P = 0.0006**	Z = -2.6289 P = .0086**	Z = -2.9155 P= 0.0036**
P. By Number of Years of Existence of Union (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 1.5400$ P = 0.8195	$\chi^2 = 3.2762$ P = 0.5127	$\chi^2=2.2900$ P=0.6826	$\chi^2=1.2424$ P= 0.8711	$\chi^2 =3.4914$ P = 0.4792	$\chi^2 = 1.7279$ P = 0.7856	$\chi^2 = 0.9006$ P = 0.9245
Q. By Number of Union Members (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 4.4420$ P = 0.2175	$\chi^2 = 7.5673$ P = 0.0559	$\chi^2=7.7914$ P=0.0500**	$\chi^2=2.6452$ P=0.4496	$\chi^2 =1.8540$ P = 0.6032	$\chi^2 = .1157$ P = 0.9899	$\chi^2 = 2.5433$ P = 0.4675
L. Independent vs Affiliated (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = .0521$ 0.8195	$\chi^2 =.2366$ P = 0.6267	$\chi^2 = .7337$ P=0.3917	$\chi^2 = .0395$ P=0.8426	$\chi^2 = 3.8451$ P = 0.0499**	$\chi^2 = 2.9804$ P = 0.0843	$\chi^2 = 1.5077$ P = 0.2195

Note : χ^2 test statistic is significant when $p \leq 0.05$ which means that there is a significant difference between the mean response of the groups under study

Table 5. Significance Tests on the Degree of Compliance to Core Labor Standards by Manufacturing Firms (Continued)

Classification of firms	(No. 87)	(No. 98)	(No. 105)	(No. 100)	(No. 81)	(No. 138)	Over-All
M. By Number of Years Affiliated (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 3.4878$ P = 0.3224	$\chi^2 = 4.2098$ P = 0.2397	$\chi^2 = 6.1947$ P = 0.1025	$\chi^2 = 3.1752$ P = 0.3654	$\chi^2 = 3.1030$ P = 0.3760	$\chi^2 = 0.9121$ P = 0.8225	$\chi^2 = 3.4654$ P = 0.3253
N. By CBA Status (Kruskal-Wallis One-Way Anova Test)	$\chi^2 = 13.0048$ P = 0.0003**	$\chi^2 = 5.8921$ P = 0.0152**	$\chi^2 = .3429$ P = 0.5581	$\chi^2 = 3.8581$ P = 0.0495**	$\chi^2 = .2831$ P = 0.5947	$\chi^2 = 0.6617$ P = 0.4160	$\chi^2 = 3.0509$ P = 0.0807
Overall							

Note : χ^2 test statistic is significant when $p \leq 0.05$ which means that there is a significant difference between the mean response of the groups under study

However, the mean rating of the degree of observance of the labor standards by the union ($x = 3.72$) and management ($x = 4.04$) representatives in the unionized establishments differed significantly ($Z = 2.9155$; $p = 0.0036$) as a whole in all the standards. However, in analyzing each of the six core labor standards independently, management's and union's assessment of degree of observance did not differ significantly on the *freedom of association and protection of the right to organize* ($Z = 1.4902$; $p = 0.1362$). (Refer to Table 5).

Among the unionized establishments, those with a satisfactory degree of compliance with the core labor standards are those characterized as having more than 90 union members ($x = 3.82$), federated ($x = 3.86$), affiliated with a federation for about 11-20 years ($x = 4.17$), and having an existing CBA ($x = 3.81$).

Unionized firms' degree of observance of the core ILO labor standards did not also differ significantly when they are classified by number of years of existence, number of union members, federation affiliation, number of years affiliated with a federation and existence of a CBA.

By nature of business/sub-industry, the plastic products ($x = 3.94$), followed by the footwear and leather products ($x = 3.89$), have the highest degree of overall core labor standards conformity, while the rubber products group has the lowest degree ($x = 3.56$) of overall sufficient observance of the labor standards.

The *freedom of association and protection of the right to organize* (Convention No. 87) is satisfactorily implemented ($x = 3.77$) by the plastic products sub-industry, and is implemented at a fair degree ($x = 2.95$) by the machinery and equipment sector. The *right to organize and collective bargaining* (Convention No. 98) is satisfactorily obeyed ($x = 3.81$) by the food and beverage firms, and least implemented but still as satisfactory level ($x = 3.00$) by the paper products subsector. The *abolition of forced labor* (Convention No. 105) is highly followed ($x = 4.14$) by the paper & paper products sub-group, and less relatively conformed with ($x = 3.27$) by the footwear and leather products subgroup. *Equal remuneration* (Convention No. 100) is highly complied ($x = 4.40$) with by the food and beverage companies, and satisfactorily ($x = 3.20$) by the rubber products establishments. *Freedom from discrimination in employment and occupation* (Convention No. 81) is highly kept up to standard ($x = 4.28$) by the textile and wearing apparel sector, and less done according to law ($x = 3.44$) by the rubber products group. *Freedom from child labor* (Convention No. 138) is highly implemented ($x = 4.46$) by the paper and paper products sub-industry, and satisfactorily observed ($x = 3.25$) by the firms in the other sector sub-industry.

The Kruskal-Wallis One-Way Anova test for independent samples revealed that there is no significant difference in the degree of core labor standards compliance by nature of business/sub-industry as a whole and on a per core standard basis except for the *right to organize and collective bargaining* ($X^2 = 21.0193$; $p = 0.0332$) (Refer to Table 5).

According to type of owners, the Filipino-Chinese owners have the highest satisfactory degree of ($x = 3.81$) of overall core labor standards compliance, while the Chinese owners have the lowest satisfactory ($x = 3.61$) degree of overall observance of the labor standards. On a per labor standard basis, the Filipino owners are highly implementing *equal remuneration* ($x = 4.24$), *abolition of forced labor* ($x = 4.01$), and *freedom from child labor* ($x = 4.01$); and least satisfactorily abiding by the *freedom of association and protection of the right to organize* ($x = 3.17$) and *right to organize and collective bargaining* ($x = 3.41$). The statistical test again pinpointed that there is no significant variation in the average level of rating of firms on their keeping up to the labor standards based on type of ownership ($\chi^2 = 4.6280$; $p = 0.2012$) Refer to Table 5.

Classified by form of ownership, those owned by corporations tend to meet the requirements of the labor standards at a higher satisfactory degree ($x = 3.79$). On the other hand, those owned by single proprietors seem to fulfill the laws at a lower degree of satisfaction ($x = 3.71$). Analyzing the individual core labor standards, single proprietors least complied with the *abolition of forced labor* ($x = 3.71$) and *equal remuneration* ($x = 3.90$); those owned by partnerships had the least satisfactory observance of the ILO Conventions No. 87 and No. 98 ($x = 3.22$ and $X = 2.23$). The corporations' least rating is on *freedom from child labor* ($x = 3.85$). Although the One-Way Anova test for independent samples confirmed that in these three forms of ownership, their degree of conformity with the six core labor standards do not differ meaningfully ($X^2 = 0.9798$; $p = 0.6127$) as shown in Table 5.

Grouped by size of employment, the large firms have the highest average degree of ($x = 3.82$) of compliance with labor standards, followed by the medium-sized establishments ($x = 3.73$), and by the small enterprises ($x = 3.66$). Based on the individual core labor standards, small enterprises scored lowest ($x = 2.62$) in implementing the ILO Convention No. 87 but rated highest ($x = 4.45$) in the observance of ILO Convention No. 81. As a whole, there is no significant difference in the mean rating of labor standards implementation ($X^2 = 4.5315$; $p = 0.1038$). On a per core labor standard basis, significant variations appear on *freedom of association and protection of the right to organize* ($X^2 = 19.4622$; $p = 0.0001$) and on the *right to organize and collective bargaining* ($x^2 = 9.5779$; $p = 0.0083$) as shown in Table 5.

By size of capitalization, the large companies have sufficiently ($x = 3.79$) complied with the laws, followed by small firms ($x = 3.78$), and finally by medium enterprises ($x = 3.74$). The large firms' highest degree of keeping up with labor standards is on the *equal remuneration* ($x = 4.11$) convention, while its least is on ILO Convention No. 87. The medium sized firms scored high on ILO Convention No. 100 ($x = 4.01$), ILO Convention No. 81 ($x = 4.01$), and on ILO Convention No. 87 ($x = 3.29$). The small firms highly observed ILO Convention No. 138, and least observed ILO Convention No. 87 ($x = 3.17$). Statistical results proved that there is no meaningful variations ($x^2 = 0.1848$; $p = 0.918$) in their overall mean rating, although there are significant differences in the average degree of compliance with the labor standards by the small, medium, and large companies with regard to *freedom of association and protection of the right to organize* ($X^2 = 15.6946$; $p = 0.004$), *right to organize*

and collective bargaining ($X^2 = 14.2157$; $p = 0.008$), and freedom from discrimination in employment and occupation ($X^2 = 6.7068$; $p = 0.0350$).

According to level of profitability, firms which experienced a loss last year seem to highly fulfill the requirements of the law ($x = 4.09$), while those companies which claimed low levels of profit, were found wanting ($x = 3.67$) in dutifully following the labor standards.

Related studies show that those operating at a loss are the least to comply with the standards, but a closer look on these companies covered by the study would indicate, that possible reasons for high compliance are that these companies are mostly corporations (eight out of eight), with large size of employment (seven out of eight), and capitalization (five out of eight), are unionized (seven out of eight), and with CBA (seven out of eight). Firms with breakeven experiences, least implemented ILO Convention Nos. 87 and 98, while those with low profit least observed ILO Conventions No. 105 and No. 138. Those companies with average profit rated themselves least on ILO Convention No. 87, and those with a lesser level of profit self-rated least on ILO Convention No. 98 (Refer to Table 4). The test of significance revealed that there were meaningful differences ($X^2 = 9.8917$; $p = 0.0195$) in the average degree of compliance with the labor standards based on level of profitability as a whole. On a per labor standard basis, significant differences in the mean rating was only shown in their responses on ILO Convention No. 105 on abolition of forced labor ($X^2 = 13.1601$; $p = 0.0043$). Refer to Table 5.

Categorized by number of years of existence, the firms which have been operating for 11-20 and 21-30 years have adequately ($x = 3.83$) adapted to the labor standards, followed by companies which have been existing for 2-20 years ($x = 3.76$). Those establishments which have been operating for more than 40 years have the lowest satisfactory degree of compliance with the labor standards ($x = 3.73$). The highest degree of compliance with ILO Convention No. 105 ($x = 4.50$) was garnered by the 31-40 years old firms. The anova test, however, confirmed that there are no significant differences in the mean level of obeying the laws as an entire set of core labor standards taken together. On a per labor standard basis, significant variations in responses are shown concerning ILO Convention No. 87 and ILO Convention No. 98. ($x = 13.0333$; $p = 0.0111$). Refer to Table 5.

The characteristics of firms with **relatively high satisfactory average rating** in observing the Core ILO Labor Standards is that which is non-unionized, from the plastic products sub-industry, owned by Filipino-Chinese, large in size (both in capitalization and employment), registered as a corporation, has been existing for 11-30 years, and has experienced a loss in income last year. Refer to Figure 4.

On the other hand, the characteristics of enterprises with **relatively low satisfactory average rating** of compliance with the labor standards is unionized, from the rubber products sector, owned by Chinese, medium-sized in capitalization, small-sized in employment, registered as single proprietorship, operating for more than 40 years, and had low profit last year. Refer to Figure 5.

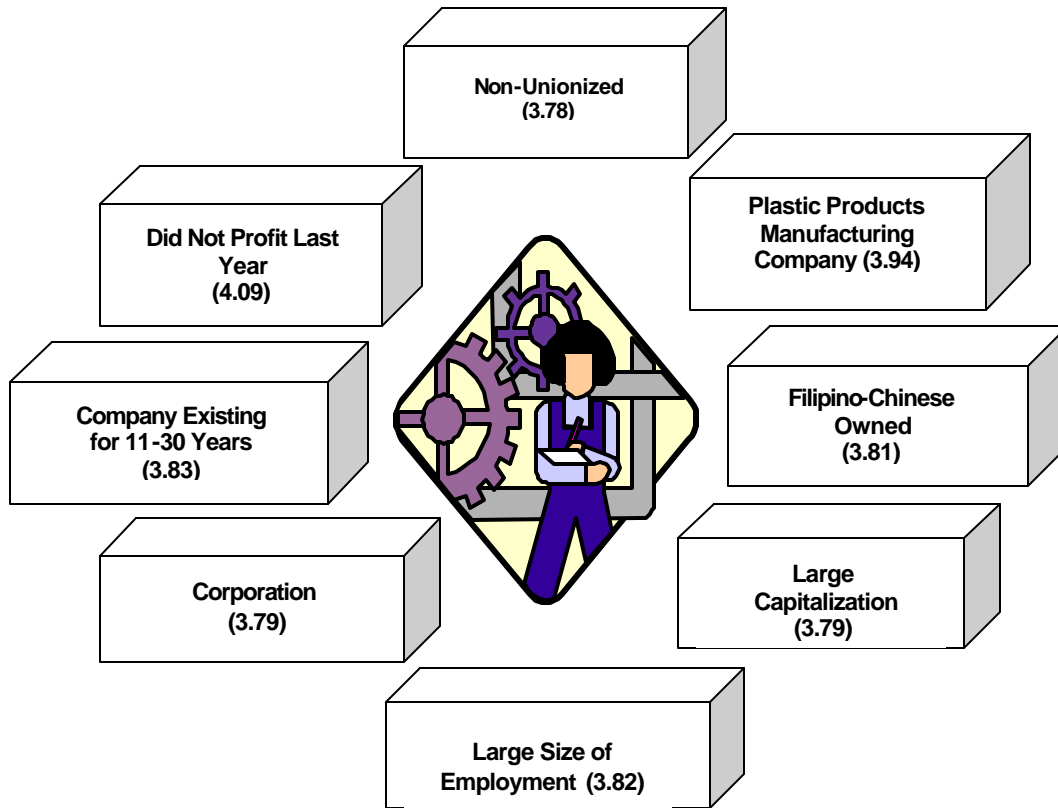


Figure 4. Characteristics of Firms with Relatively High Satisfactory Average Rating of Compliance with ILO Core Labor Standards

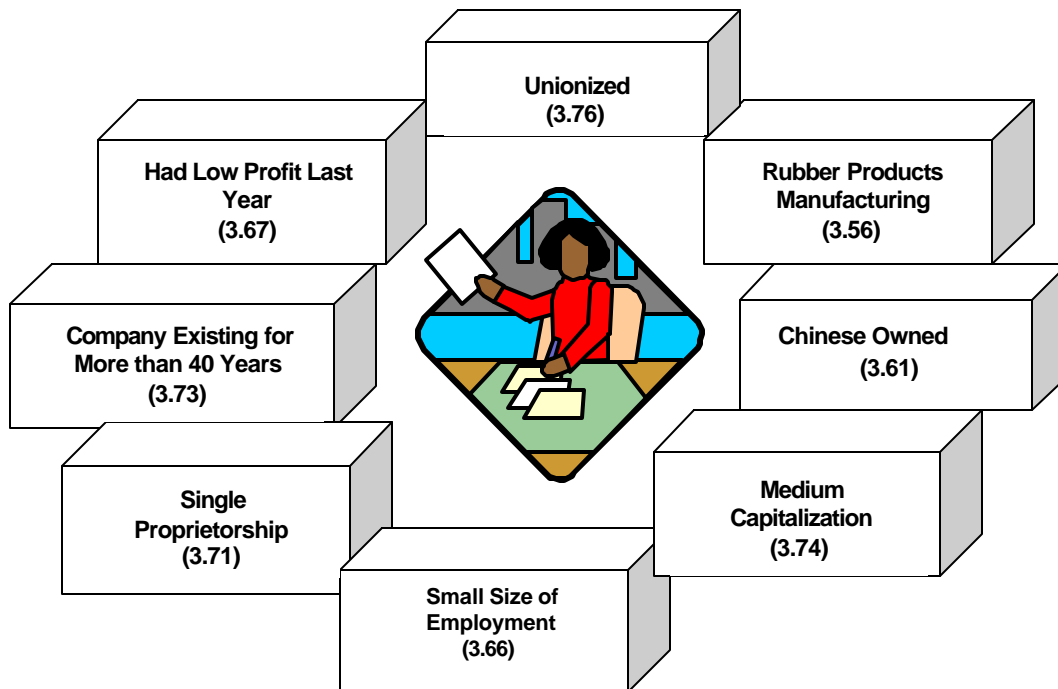


Figure 5. Characteristics of Firms with Relatively Low Satisfactory Average Rating of Compliance with ILO Core Labor Standards

Overall, the firms' level of conformity with the six labor standards is only satisfactory, and there is no significant difference in the average degree of compliance based on their characteristics except for the level of profitability and the type of respondent. This means that the level of profit is a primary consideration in adhering to the labor standards set by the government. It also confirms that management and labor will have differing views with regards to the implementation of the six core labor standards in their respective companies.

It deserves to be pointed out that the *freedom of association* Conventions (Nos. 87 and 98) have a unique place among the basic human rights and freedoms that are the principal concerns of the ILO. This brings us to the findings that among the six core labor standards, it is the standards on *freedom of association* that are least complied with by the manufacturing firms. If this is not fully followed, it means that workers are not able to express their needs and aspirations, they have less negotiating strength in collective bargaining, they are not able to afford full protection to workers, and they are not able to actively participate in the framing and in the carrying out of economic and social policies be it at the enterprise, national, and global levels. Perhaps, in the final analysis, any degree of compliance with any of the labor standards depends, not only on the efforts of the trade union movement on its own, but to a large extent, on the political will and action taken to ensure their full observance at the firm, national and global levels by the government, with or without the support of the employers.

4.3 Facilitating and Hindering Factors in Implementing the Core Labor Standards

Full compliance with the ILO core labor standards pertaining to the fundamental rights of the workers appears to be a tall order or a herculean task for the owners/management of the manufacturing firms. It remains to be an elusive dream for the workers to achieve, as reflected in the data on the degree of compliance with the core labor standards.

4.3.1 Facilitating Factors

In spite of the findings that companies are not actually able to fully abide by all the core labor standards as mandated by the government, best efforts are exerted to conform with these standards over the years. Many critical factors were identified by the firms which facilitated their keeping up to the labor standards (Refer to Table 6). The top five most frequently given pivotal factors which were perceived to be instrumental in implementing the core labor standards at least satisfactorily are:

- (1) *efficiency and high productivity of employees (32.57%);*
- (2.5) *sincerity of management to ensure that labor standards are enforced (32%);*
- (2.5) *harmonious labor-management relations (32%);*
- (4) *management fully adheres to the philosophy of respecting the rights of workers (29.71%);*

- (5.5) *fair treatment of employees (26.29%),*
 (5.5) *management is aware and well informed on labor standards (26.29%).*

The helping factor which was the least mentioned by the respondents is that the “union officers are well-informed and aware of labor standards” (7.43%). Moreover, management representatives’ number one commonly stated critical assisting factor is “sincerity of management to ensure that labor standards are enforced” (40%), while the union representatives viewed it to be the “presence of a union to protect and fight for workers’ rights” (46%). The least identified critical helping factor by management is “union officers are well-informed and aware of labor standards” (4%), while “efficiency of management in ensuring that the labor standards are fully forced” (2%) was cited by the union.

It can be noted that what management and labor consider as significant facilitating factors affecting the degree of labor standards compliance, are basically related to the contribution of workers in terms of efficiency, productivity, and harmonious relations with management; and to the employer’s corporate social responsibility of adherence to the laws and respect for the rights and fair treatment of employees.

Table 6. Factors that Facilitate/ Help Companies in the Observance of Core ILO Labor Standards

Facilitating Factors	Management			Union			Total		
	Freq	%	Rank	Freq	%	Rank	Freq	%	Rank
1 The laws and other policies of the government are practical/realistic for the company	33	26.40	9	9	18.00	9	42	24.00	8.5
2 Presence of clear guidelines and specified qualifications of employees	36	28.80	7.5	6	12.00	15	42	24.00	8.5
3 Efficiency and high productivity of employees	45	36.00	2	12	24.00	5.5	57	32.57	1
4 Trust between union and management	21	16.80	13	10	20.00	8	31	17.71	12.5
5 Management is aware and well-informed on labor standards	40	32.00	5	6	12.00	15	46	26.29	5.5
6 Management fully adheres to the philosophy of respecting the rights of workers	41	32.80	3.5	11	22.00	7	52	29.71	4
7 Existence of a CBA	17	13.60	16.5	16	32.00	2	33	18.86	11
8 Presence of a union to protect and fight for workers’ rights	6	4.80	20.5	23	46.00	1	29	16.57	14.5
9 Intense competition for talented/skilled workers which leads management to take good care of its present workforce	19	15.20	15	6	12.00	15	25	14.29	16.5

Table 6. (con't.)

Facilitating Factors	Management			Union			Total		
	Freq	%	Rank	Freq	%	Rank	Freq	%	Rank
10 Efficiency of management in ensuring that the labor standards are fully enforced	28	22.40	10	1	2.00	21	29	16.57	14.5
11 Openness and sincerity in communication between union and management	36	28.80	7.5	8	16.00	10.5	44	25.14	7
12 DOLE regularly monitors the enforcement of labor standards	22	17.60	12	3	6.00	20	25	14.29	16.5
13 Company has traditional practices that are in consonance with labor standards	17	13.60	16.5	-	-	-	17	9.71	21
14 Continuous dialogue between union and management	20	16.00	14	15	30.00	3.5	35	20.00	10
15 Harmonious labor-management relations	41	32.80	3.5	15	30.00	3.5	56	32.00	2.5
16 Union officers who are diligent and concerned in ensuring that labor standards are enforced	6	4.80	20.5	12	24.00	5.5	18	10.29	20
17 Global outlook/perspective of management	27	21.60	11	4	8.00	19	31	17.71	12.5
18 Global outlook/perspective of workers	14	11.20	19	5	10.00	18	19	10.86	19
19 Sincerity of management in ensuring that labor standards are enforced	50	40.00	1	6	12.00	15	56	32.00	2.5
20 High profits of the company	16	12.80	18	6	12.00	15	22	12.57	18
21 Fair treatment of employees	39	31.20	6	7	14.00	12	46	26.29	5.5
22 Union officers are well-informed on and aware of labor standards	5	4.00	22	8	16.00	10.5	13	7.43	22

4.3.2 Hindering Factors

The inability of the firms to faithfully implement the provisions of the labor standards were attributed to a lot of vital hindering factors (Refer to Table 7). When asked about the five most compelling reasons, the highest commonly expressed factors are:

- (1.5) *high costs of capitalization (32%), and*
- (1.5) *intense competition for available jobs due to high unemployment, leads workers to be fearful of losing their jobs (32%);*
- (3) *inefficiency and low productivity of employees (29.71%);*
- (4) *lack of sincerity from management in ensuring that labor standards are enforced (29.14%),*

- (5.5) absence of clear guidelines and specified qualifications of employees (29.71%) and
 (5.5) the laws and other policies of the government are not practical/realistic for the company (21.71%).

Table 7. Factors that Hinder/Block Companies in the Observance of Core ILO Labor Standards

Hindering Factors	Management			Union			Total		
	Freq	%	Rank	Freq	%	Rank	Freq	%	Rank
1 The laws and other policies of the government are not practical/realistic for the company	32	25.60	5	6	12.00	17.5	38	21.71	5.5
2 Absence of clear guidelines and specified qualifications of employees	24	19.20	9	14	28.00	4.5	38	21.71	5.5
3 Inefficiency and low productivity of employees	44	35.20	2	8	16.00	14.5	52	29.71	3
4 Lack of trust between union and management	18	14.40	15	14	28.00	4.5	32	18.29	11
5 Management lacks awareness and information on labor standards	20	16.00	14	16	32.00	2	36	20.57	8
6 Management does not fully adhere to the philosophy of respecting the rights of workers	11	8.80	19	12	24.00	7.5	23	13.14	16
7 Absence of a CBA	22	17.60	10.5	12	24.00	7.5	34	19.43	9
8 Absence of a union to protect and fight for workers' rights	21	16.80	12.5	10	20.00	10.5	31	17.71	12
9 Intense competition for available jobs due to high unemployment leads workers to be fearful of losing their jobs	39	31.20	4	17	34.00	1	56	32.00	1.5
10 Inefficiency of management in ensuring that the labor standards are fully enforced	9	7.20	20.5	4	8.00	20.5	13	7.43	22
11 High costs of capitalization	47	37.60	1	9	18.00	12.5	56	32.00	1.5
12 Lack of openness and sincerity in communication between union and management	22	17.60	10.5	15	30.00	3	37	21.14	7
13 DOLE is not regularly monitoring the enforcement of labor standards	25	20.00	7.5	13	26.00	6	17	9.71	20
14 Company has traditional practices that are not in consonance with present labor standards	25	20.00	7.5	8	16.00	14.5	33	18.86	10
15 Lack of continuous dialogue between union and management	15	12.00	16	10	20.00	10.5	25	14.29	15
16 Antagonistic labor-management relations	9	7.20	20.5	9	18.00	12.5	18	10.29	18.5

Table 7. (con't.)

Hindering Factors	Management			Union			Total		
	Freq	%	Rank	Freq	%	Rank	Freq	%	Rank
17 Union officers who are not concerned in ensuring that labor standards are enforced	8	6.40	22.5	0	0		8	4.57	23
18 Lack of a global outlook/perspective of management	8	6.40	22.5	7	14.00	16	15	8.57	21
19 Lack of a global outlook/perspective among workers	21	16.80	12.5	5	10.00	19	26	14.86	14
20 Lack of sincerity from management in ensuring that labor standards are enforced	40	32.00	3	11	22.00	9	51	29.14	4
21 High labor costs/economic difficulty due to Asian crisis	14	11.20	17.5	6	12.00	17.5	20	11.43	17
22 Unfair treatment of employees	29	23.20	6	1	2.00	22	30	17.14	13
23 Union officers are not well-informed and aware of labor standards	14	11.20	17.5	4	8.00	20.5	18	10.29	18.5

On the other hand, the least frequently mentioned blocking factor is “union officers who are not concerned in ensuring that labor standards are enforced” (4.57%). It can also be noted that management representatives’ most frequently identified barrier is “high cost of capitalization” (37.60%), while the union representatives thought it to be the “intense competition for available jobs due to high unemployment leads workers to be fearful of losing their jobs” (34%). The least checked barrier is “union officers who are not concerned in ensuring that labor standards are enforced” and “lack of a global outlook/perspective of management” (6.40%) according to employers, while the union perceived it to be “union officers who are not concerned in ensuring that labor standards are enforced” and “unfair treatment by management” (2%).

The findings succinctly show that the significant blocking factors to full compliance with the core labor standards are related to the management’s concern about the high cost of operating the business; the inefficiency and low of productivity employees; the government’s legal requirements which are impractical or unrealistic for the company; and the workers’ fear of losing their jobs due to high unemployment, absence of clear guidelines and qualifications for employees, and non-adherence by management with labor standards.

4.4 Effects of the Union on the Competitiveness of the Company in the Global Market

The current focus on international competitiveness is simply a way to dramatize the need for high productivity growth. High productivity in the long term will lead to a rise in the standard of living of its people. In this regard, both the management and the union representatives of the unionized

manufacturing firms were asked whether the union helps or is an advantage for the company in becoming globally competitive.

Out of the 80 respondents who replied to this question, 62.16% from management said no and 95.50% from the union gave a yes reply (Refer to Figure 6). Obviously, management did not perceive the union to be helping, while the union saw it the other way. Those who perceived that the union is not helping the company become globally competitive mentioned the following explanations:

1. Resistance to change
2. Not very cooperative on management undertakings for greater productivity and efficiency
3. Does not accept what is going on in a global situation
4. Due to their political orientation, always comes from an emotional perspective
5. Demands regarding the CBA results in increase in overhead costs and less profit.
6. Union at times does not understand law
7. Demands not commensurate to equivalent productivity increases
8. Labor costs in the Philippines are getting expensive while those from other countries are getting cheaper
9. Lack of awareness on global competitiveness

The reasons given by the management and union seem to revolve around three major issues. First, demands of the union regarding the CBA is considered to result in increased labor costs which becomes a disadvantage to the Philippines. Labor costs in other countries, especially those without or less number of unions (e.g. Taiwan, China, Pakistan, and Vietnam) are cheaper. Moreover, labor's demands are often seen as unreasonable, expensive, and keep on increasing every time a new CBA is negotiated. Second, the unions are perceived to have a lack of awareness of, or are strongly against the neo-liberal form of globalization, so that they do not accept the present nature of global framework perhaps due to their political orientation or resistance to change. Third, the presence of the union in the firm does not always translate to an equivalent increase in productivity in spite of their demands for better salaries and benefits. It seems to contradict findings of other studies that increases in wages and benefits will lead to higher productivity. There are also instances where the union is not very cooperative with management undertakings for greater productivity and efficiency to increase profit and global competitiveness. This could be based on the workers' notion that the wages and benefits they receive are not commensurate to the amount of effort they exert to make the firm profitable and competitive, and to the benefits and profits that the employer actually get from the business.

On the other hand, those who opined that the union is an advantage for the company to become globally competitive cited the following reasons:

1. Helps to broaden understanding of workers.
2. Gives suggestions/innovative ideas for company to become

- more competitive; presents brilliant and innovative ideas from employees which could help company.
3. Helps especially in ISO certification so that the company becomes globally competitive.
 4. Informs management of employees' needs to help them become globally competitive.
 5. Helps upgrade quality of products.
 6. Helps by focusing on employees welfare and maintaining high performance/ productivity of employees.
 7. Helps in cost-cutting measures of company.
 8. Believes that company's progress is also employees' progress.
 9. Cooperates with management, and which gives the company the competitive edge.
 10. Helps in the continuous education and balanced information dissemination to workers on the present situation of the company.

The above explanations appear to be related to one major point, which is the full cooperation afforded to management by the union. This support is manifested in their giving innovative suggestions/ideas, informing management of employees' needs, assistance in upgrading the quality of products, helping in the cost-cutting measures of the firm and conducting information dissemination among workers about the present condition of the company. This reality may be attributable to the growing maturity of labor and a shift from an adversarial to a more mutually beneficial stance with management.

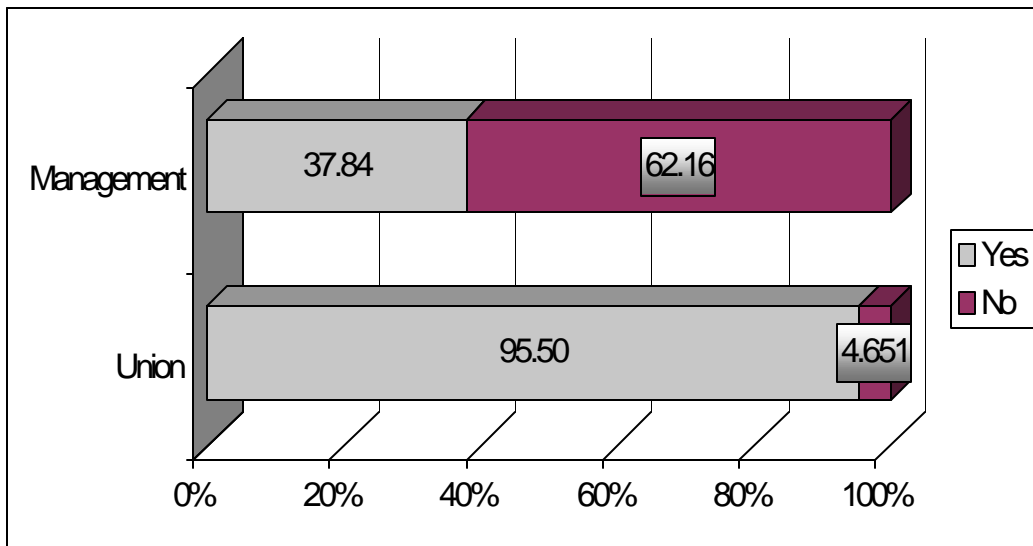


Figure 6. Position of Respondents On Whether the Union is a Help/Advantage to the Company to Become Globally Competitive

4.5 Present Stand of Labor and Management with Regards to the Social Clause

Social clauses provide for the implementation of international labor standards which are to be “incorporated in international trade agreements to ensure that the gradual liberalization of markets is accompanied by improvements in conditions of work, or at least by the elimination of the most flagrant abuses and forms of exploitation” (ILO, 1994). Specifically, a social clause is a proposed provision in a trade agreement like the WTO-GATT to enforce certain specific labor standards as a condition for continued enjoyment of all the benefits and privileges in the trade agreement such as trade and market access to other countries.

Given this parameter, the present position of management and labor with regards to this issue was investigated. The data showed (Refer to Figure 7) that a majority from management (53.40%) and union (50.00%) are in favor of a social clause. However, there are a few from both groups (32.04% from management and 21.88% from union) who did not give their position due to their unfamiliarity with the issue.

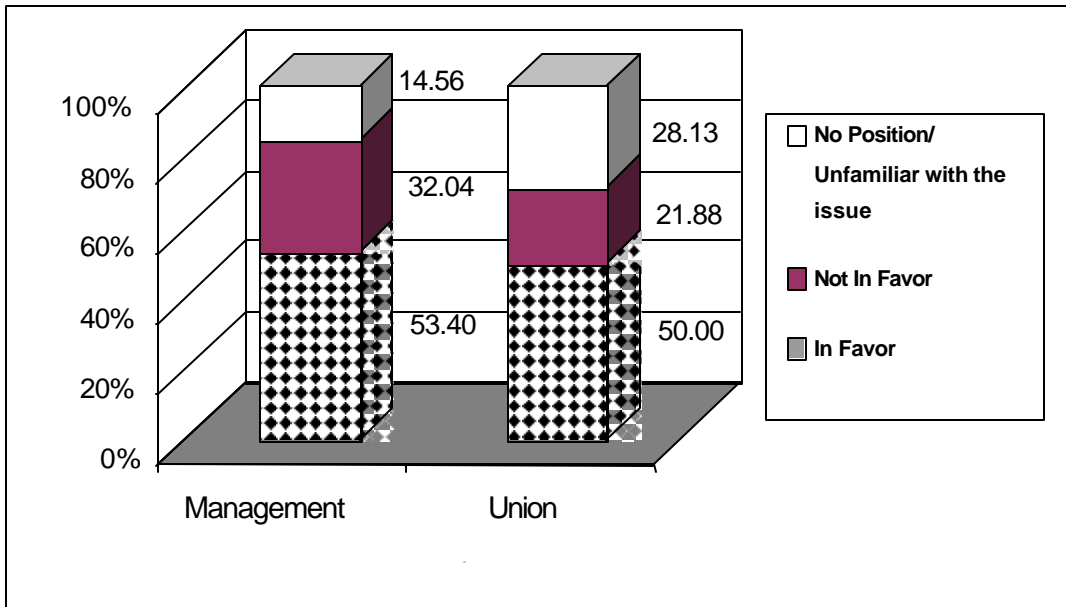


Figure 7. Position of Respondents Regarding the Social Clause

Based on the company profile, the firms which are more in favor of a social clause are those in the chemical products sub-sector, owned by Filipinos, registered as single proprietorship, have a large employment size, with medium capitalization, had an average profit last year, and have been operating its business for 2-10 years. Refer to Figure 8.

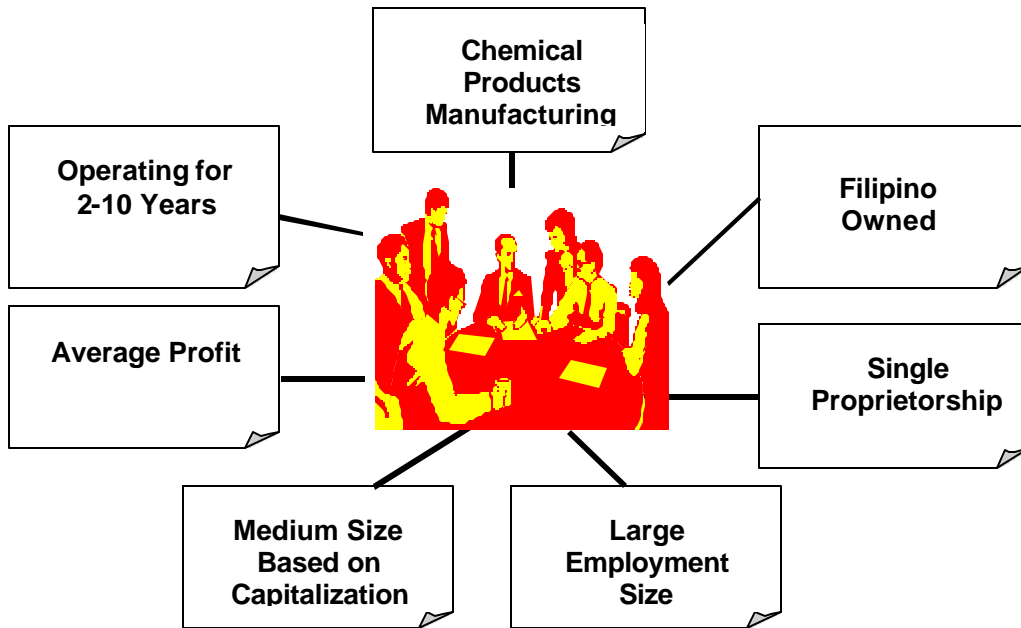


Figure 8. Profile of Companies which Favor the Inclusion of a Social Clause Trade Agreement

Several explanations were forwarded by the respondents who are in favor of a social clause. These reasons are that a social clause will:

1. Help implement labor standards.
2. Enhance/ help improve the quality and productivity of labor in the Philippines.
3. Boost benefits on how firms can better compete in the world market.
4. Serve as guide/protection for both union and management.
5. Be beneficial for both employees and management.
6. Enable companies to upgrade their standards as required in the global market.

These information emphasize the conviction that the inclusion of a social clause in trade agreements like the WTO-GATT will be beneficial to both the employees and management of the firms. At the firm level, workers will be protected and receive the benefits due them which will make them happy, productive, and inclined to improve their relationship with management. By the same token, at the firm level, this will redound to more profits and better ability to compete in the world market because better labor standards lead to higher productivity. This positive outlook on the social clause is also an indication of the corporate social responsibility for human rights.

On the contrary, those who are not in favor of the social clause expressed their reservations based on the following reasons:

1. Small capitalists/companies will be affected or would sacrifice/cannot compete.

2. It will reduce the competitiveness of developing countries like ours since our competitiveness depends much on lower labor costs
3. It would cause further unemployment
4. Focus/stabilize our local industry/business first before going global/not yet ready to compete
5. Government should first have the capability to implement the laws
6. There is no need for it/ not acceptable

The stand of those against a social clause is rooted in the reality that many firms in the Philippines are simply not yet ready for this. A case in point is the problem of child labor, particularly in labor intensive industries like textile and wearing apparels. Many of the firms still consider low labor costs as a competitive advantage in the world market, which will have to be stopped if the social clause will be implemented. In particular, the textile and wearing apparel and furniture and wood products industries have indicated that they will not be able to compete in the international market, because of the strong competition posed by countries with much lower labor costs like China, Indonesia, and Vietnam. At the same time, it is the small firms which are more worried about this issue because they will be forced to comply to remain in business or to simply close because they cannot abide by the international labor standards. The social clause is also not acceptable because firms find it impossible to have international consensus on the treatment of unions, child labor, and discrimination based on gender. From the non-unanimous trend of the responses of the firms on the social clause, protection of labor must be ensured. More fundamentally, the Philippines must find ways to both improve labor market flexibility and ensure that gains from structural changes are broadly shared.

5. Conclusion

The ascent of globalization over the last two decades is only a start. With the expansion of globalization and the further liberalization of the economy, it is expected that the Philippines will continue to experience industrial adjustments and restructuring. Therefore, there is a great need for a stronger and more concerned cooperative partnership between and among the employers, unions, and governments of all participating countries in the global market to preserve the benefits and to turn the impact of globalization towards supporting and protecting the people, particularly the workers. Much needs to be done in the Philippines to protect basic workers' rights, particularly the freedom of association, the right to collective bargaining, the prohibition of forced labor and exploitative child labor, and non-discrimination in employment and occupation from the negative consequences of globalization. Moreover, the non-full compliance with the core labor standards cannot be solved effectively just by the adoption of a social clause which could be a basis for imposing trade sanctions, but must be complemented at the global and national levels with integrated and comprehensive programs aimed directly at poverty reduction, educational reforms, disclosure of information, and human resource development.

6. Recommendations

From the previous data analysis, it is obvious that there is lack of adherence to core ILO labor standards and, therefore, there is no full protection of basic labor rights. The ILO Conventions which have been embodied in the different laws legislated in the Philippines are based on social justice, and it could very well be that observance of at least the core international labor standards would foster and advance the well-being of the Filipino and give globalization a human face. The following policy recommendations, including those from the government, academe, employers, and unions, are therefore hereby enumerated to address the concern of ensuring the protection of basic labor rights and full adherence to the core labor standards; while at the same time, realizing the goals to open markets, increase growth, create jobs, and share the benefits of trade more fairly in a globalized economy. Moreover this recommendations are addressing specific national needs and are presented based on priority areas of concern.

1. Modernize the entire Philippine industrial relations system.

- 1.1 **Eliminate unnecessary rigidities on the exercise of workers' and employers' rights.** "A system is said to rigid when the power to make decisions over the allocation of resources is vested in the State, through laws, pre-determined rules or other institutionalized means, rather than an on the market. Consequently, the Labor Code institutionalized a regulatory rather than a facilitative role of the State when it comes to exercise of workers' and employers' rights. One notes, for instance, that on rules governing fundamental rights like collective bargaining (ILO Convention No. 98), the Labor Code is actually more rigid than its predecessor, the Industrial Peace Act of 1953" (Soriano, 1999).
- 1.2 **Change role of the State from a regulatory to a facilitative orientation.** "Flexibility in the industrial relations system should be possible, with appropriate safeguards against infringement of fundamental rights. The present systems should therefore be assessed on how it can best conform to emerging changing, in the first place, the role of the State from a regulatory to a facilitative orientation in relation to the exercise of workers' and employers' rights" (Soriano, 1999).
- 1.3 **Realign national laws with the ILO Conventions and treaties.** "The Philippines is under obligation to progressively align its national laws with the conventions and treaties it has ratified, more particularly ILO Convention Nos. 87 and 98, with guidance from the observations of experts with respect to the observance of these conventions. Last year, the ILO has

adopted the Fundamental Declaration of Principles and Rights at Work, applicable to all member-states, emphasizing the central role of freedom of association, collective bargaining, and non-discrimination in improving the conditions of workers as well as employers. Within and outside the ILO, movements calling for greater corporate citizenship, social accountability and promotion of ethical standards have been gaining ground. A new system should assimilate these developments to an extent compatible with the country's particular circumstances" (Soriano, 1999).

- 1.4 **Promote plant-level initiatives toward voluntary self-regulation.** "Part of this system should be self-discipline and shared responsibility, through which the parties engaged in collective bargaining should absorb the costs of their actions rather than shift them to third parties (World Development Report, 1995, p82). This is a time of fast business cycles and highly competitive product markets. The desired outcome of any industrial relations system is first, the parties should share responsibility in shaping their power relations which should lead; second, to the speedy and efficient formulation of acceptable work rules by workers and employers at the plant-level through democratic methods such as cooperation, negotiations and collective bargaining" (Soriano, 1999).
- 1.4 **Develop and organize fully industry-based unionism and bargaining.** A lot of issues and concerns raised by the rank-and-file and supervisory workers are no longer within the effective spheres on individual enterprises. As globalization integrates the local economy to the world economy, trade unions must expand their horizons and concerns to ensure that workers' rights are not sacrificed. Furthermore, if more or all the workers are organized nationally and linked globally, the rights of the workers will be better protected and the union can more effectively monitor and report to the DOLE violations of their employer. This is the vital function of trade unions during industrial restructuring.
- 1.5 **Enhance participatory approach at the workplace.** If workers are giving a stronger and meaningful voice in the decision-making process that shape the life of the firm (Sardaña, 1997), either as individuals or more so as an organized group, like the trade union, the workers' rights will be protected and violations of labor standards can be prevented or reported. In this case, various channels of consultation, such as the labor-management committees, family welfare councils, joint consultation bodies, or suggestion systems must be renewed or organized at the firm level.

2. **Revise/Update regulatory or legal conditions and support mechanisms of implementing labor standards.**
 - 2.1 **Strict enforcement of the core ILO labor standards.** The DOLE, through the Bureau of Working Conditions, should consistently enforce the laws to the letter. This entails giving no exemptions or compromise to willful violators and penalizing them as required by the law. This also means sanctioning labor inspectors who will accept bribes for not reporting those firms disregarding the labor standards. The government should have no hesitation about fully implementing the laws because this is the foundation of good government. As a complementary measure, recognition and incentives should be given for full compliance with the law.
 - 2.2 **Improve the monitoring system on firms.** The DOLE, through the Bureau of Working Conditions can only strictly implement the laws if its monitoring system on firms' compliance with the labor standards is improved or strengthened. This strategy may require further decentralization/ devolution of the monitoring functions at the lowest level of the bureaucracy of the department; hiring of additional competent and honest labor inspectors who will more frequently and regularly look into the actual working conditions of the employees in the factories, plant sites and offices of the establishments; and coordinating closely with other government agencies with police power who can assist the DOLE to implement the labor standards laws.
 - 2.3 **Impose stiffer penalties for violations of the labor standards.** The DOLE should revise the existing sanctions and impose stiffer penalties for acts of exploitation and discrimination, especially by recurrent violators of the labor standards. Moreover, tightening the rules and regulations governing private recruitment and placement agencies for local employment as well as labor contracting and subcontracting would help eliminate exploitative forms of employment including child labor. Consideration could be made towards upgrading these violations to criminal liabilities. The DOLE must have the political will to imprison violators.
 - 2.4 **Set up an industry-wide labor standards tripartite task force.** Its main function should be to investigate compliance with labor standards by all firms within an industry and then to ensure that corresponding stiffer sanctions are given to violators. It could report directly to the Secretary of the DOLE.
 - 2.5 **Make the violation of labor standards laws a strikeable issue.** Unionized companies which are habitual and willful violators of the labor standards will become more cautious if labor standards violation will become a strikeable issue. At the

same time, unions will become more vigilant in monitoring their respective companies' dereliction of the duty to observe the labor standards. This will also lighten the work of the perennially limited number of DOLE inspectors, and reduce the number of compulsory arbitration cases.

- 2.6 **Conduct intensive information dissemination about the labor standards.** The DOLE with the assistance of the employer associations and labor unions should launch an aggressive information campaign throughout the year to increase the awareness of both management and employees regarding the provisions of the core labor standards and the implications if such laws are violated. The various forms of media like radio, TV, newspaper, etc. should be utilized for this purpose. Setting up of information hotlines, in cooperation with workers organization, can also be done for this purpose.
- 2.7 **Create an independent free legal aid office with an expert ombudsman of high calibre.** This will provide support and assistance to the poor workers, especially those working in non-unionized establishments who would like to file complaints against their employers for the violation of labor standards.

3. **Development of human resources.**

- 3.1 **Upgrade skills of the workforce.** In coordination with educational and vocational-technical institutions, through the assistance of CHED and TESDA, as well as the tripartite industry training boards, the efforts to retrain and continually enhance the industry and skills capability of our labor force to respond to the needs of employers for higher productivity and become more competitive in their respective sectors in both local and world markets should be intensified.
- 3.2 **Promote employment security rather than job security.** "Under a globalized regime, flexible employment arrangements appear to be norm worldwide. What is emerging is the concept of employment security, where the trust is to conduct continuous training, or if necessary, retraining of workers in skills that are needed by the market. This will ensure employment security meaning continuous employment of workers is assured because his skills, due to continuous training, will be in demand in the market. Hence HRD institutions and programs must be geared toward employability" (Soriano, 1999).
- 3.3 **Include the Core Labor Standards as a topic in various education and training programs.** The CHED should require the colleges/ universities to include this topic in one of the courses in all curricula. The DOLE should require all company orientation programs and trade union membership seminars to include a portion to discuss the core labor standards and their

implications. This move will increase awareness of those who are to become employees and employers and those who are already employed or managing companies. This enhanced awareness will hopefully prevent violations and encourage reporting of those defying the laws.

4. **Institute other support systems at the national and international levels.**

- 4.1 **Formulate corporate codes of conduct for companies.** This should supplement and provide specifications to safeguard workers' rights. Non-compliance with these corporate codes of conduct should be given stringent sanctions. Codes of conduct should encourage all employers to actively police their ranks and provide unions specific bases to help monitor and call attention to deviations.
- 4.2 **Monitor potential problem industries.** There should be close monitoring of industries that are likely to be affected by globalization. Industry conferences and consultations should be held on how to minimize adverse market impact of such developments. Winners should be encouraged to preserve their gains, and potential losers should be assisted on how to avoid losses and minimize pains to their workers (Ofreneo, 1995).
- 4.3 **Provide additional financing support to companies, particularly the small ones.** The government should mandate or encourage banks and other financial institutions to offer special financing schemes to help businesses gain access to more capital needed for investment in advanced technology and to help them bridge working capital requirements. New funds, needed to ensure access to new technologies and new tools could perhaps be generated through public investments.
- 4.4 **Accelerate the efforts of the government to alleviate poverty.** The various government agencies, with the active support of the private sector, particularly the employers, should strengthen and develop new programs that promote and facilitate employment generation, as well as development of manpower to provide adequate remunerative employment among the adult population (Conferido & De Vries, 1998).
- 4.5 **Forge stronger commitments to global ethics, justice and respect for the human rights of all people.** This commitment should be spelled out in terms that are binding for corporations, unions, and individuals, not just for governments. Therefore, a mechanism, through the initiative of the government, must be instituted to make this workable. If the workers rights are protected, this in turn will lead to an increase in the demand for labor particularly for more highly qualified workers, without sacrificing growth and international competitiveness.

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