

# Philippines: Country Report

## Asia Pacific Federation of Human Resource Management (APFHRM)

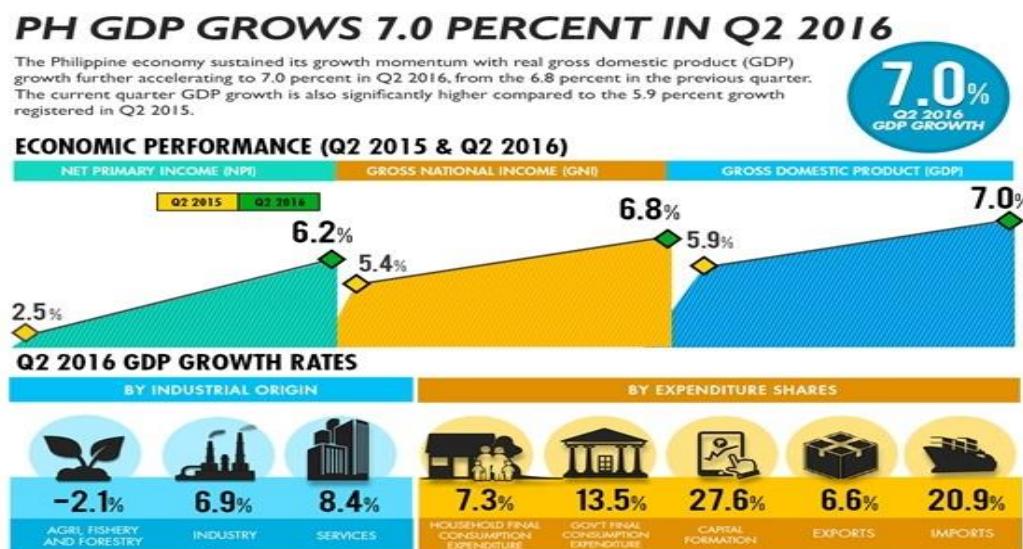
**Bangkok Meeting, Thailand**  
**12 October 2016**

### 1. Current Economic and Political Situation in the Country

#### A. Economy and Labor Market Situation

##### On the Economy

The National Economic Development Authority (NEDA) reported that the Philippine economy sustained its growth momentum with real gross domestic product (GDP) of 6.2 percent from the first quarter but accelerated to 7.0 percent in the second quarter of 2016.<sup>1</sup> According to NEDA Director General Mr. Ernesto M. Pernia, the Philippines remains to be the second fastest growing economy among the Asian emerging economies in the second quarter. The growth is attributed to the high contribution of investments. This growth was, in effect, driven by stronger business



Infographics source : <http://www.neda.gov.ph/2016/08/18/statement-of-secretary-ernesto-m-pernia-on-the-2016-second-quarter-performance-of-the-economy/>

confidence, low interest rates and strong performance of the construction sector. Further, the present administration has also given due credit to the previous administration for building a strong and stable economy.

On the other hand, the current administration sees the challenge of making the growth to be inclusive so that more people can contribute and benefit from it. The thrust now is to improve the competitiveness of the Philippine markets and business climate in order to take advantage of the new surge of investments in the region. Emphasis is being eyed on sectors and geographic areas that have been lagging behind in order to determine how to improve their access to these opportunities.

Notably, the agriculture sector's performance were seen at -2.1 percent due to the lingering effects of El Nino. La Nina is also said to likely intensify between August and October of this year. This impending natural disaster calls for the urgency of crafting holistic agricultural development policies that include disaster resiliency which will benefit workers from the sector and upon which employs the biggest chunk of our labor force. In order to address the possible effects of La Nina, the Department of Agriculture is already crafting measures and action plans that identifies the most vulnerable municipalities, focusing on appropriate interventions, preparedness, response, immediate recovery and rehabilitation.

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### **On the Labor Market**

Based on the results of the Labor Force Survey (LFS) of the Philippine Statistics Authority (PSA), the unemployment rate went down to 5.4% in July from 6.1% in April of 2016.<sup>2</sup> This decline in unemployment can be attributed to the good economic performance of the country. PSA also estimated that the labor force, or the number of individuals who are 15 years old and over, is 68,436,000.<sup>3</sup>

The sector with the largest number of employed workers are noted to belong at the services sector comprising 55.3 percent, followed by the agriculture sector making up or 26.9 percent, and lastly the industry sector with 17.8 percent. Employed persons are those who work as either full time or part-time and falls into any of these categories as: a) wage and salary workers, b) self-employed workers without any paid employee, c) employers in a family owned farm or business, and d) unpaid family workers.<sup>4</sup>

Further, the government's structural transformation made the marginalized sectors particularly the young poor improve their access to quality education equipping them with skills required in the modern sector of the economy. For instance, the conditional cash transfer program of the Department of Social Welfare and Development provides conditional cash grants to the poorest of the poor in order to improve their health, nutrition and the education of children aged 0-18.<sup>5</sup> Meanwhile, the Technical Education Skills and Development Authority (TESDA), is a government attached agency mandated to develop a framework that establishes equivalency pathways and access ramps for easier transition and progression between TVET and higher education. Its plans are anchored on the Philippine Development Plan and Labor Employment Plan, which seeks to enhance the workers' employability and productivity.<sup>6</sup>

## **B. Political Situation**

The issue of extra judicial killings and the strong drive to eliminate the proliferation of prohibited drugs in the country has sparked criticisms internally and externally. However, despite the strong pronouncement of waging war against drugs, the First President from Mindanao has earned a 91% trust rating of the Filipinos according to the survey done by Pulse Asia.<sup>7</sup>

## **2. HR challenges**

The main challenges facing the HR profession in the Philippines at present are:

### **A. Competency Gaps and Job Mismatch**

Competency gaps and job mismatch is still a perennial problem of the business sector and academic institutions. Alongside the exponential changes in globalization and technological innovation is the changing nature of work which poses a bigger challenge to the job applicant. Despite the annual influx of graduates, a huge number remains to be unemployed while some hold jobs that are not relevant to their chosen degrees due to lack of the necessary competencies and opportunities.

### **B. Brain Drain and Hard to Fill Jobs**

Due to technological advancement, job postings, applications and interviews can be done in one click regardless of one's geographical location. Although this facilitates easy access to both the job seeker and the one that hires, this also poses greater challenge in terms of keeping the best talents in the organization. For instance, a lot of nurses, engineers, teachers, social workers, dentists, and scientists among others continue to seek employment overseas. Hence, for the local organizations to remain competitive in the growing market especially with regard to job offers overseas, a scientific study must be done to understand what makes talents stay and remain engaged in the organization. A need to deliberately address the growing brain drain of hard to fill positions in the organization must be collaboratively done by the relevant government agencies, industries and the academic institution.

### **C. Sustainable Development, Decent Work and Green Jobs**

The massive conversion of agricultural lands has paved the way for industrialization thereby creating jobs that are not sustainable as well as a loss on basic ecosystem services. The jobs generated by industrialization and technological innovation failed to mitigate climate change resulting to an increasing water shortages, flooding, rise in food prices and utilities. Should this scenario be the same in the next few years, problems of social unrest, poverty, inflation, malnutrition and food insecurity would still continue. To strategically contribute to nation building, all sectors of the society must collaborate in crafting a greener economy. Workplace practices that have a

lower environmental impact but provides greater productivity must be pursued. Given that the greater percentage of the Philippine workforce in terms of occupation is composed of 32.3% laborers and unskilled workers<sup>8</sup>, decent workplace practices must be continuously put in place especially in the construction, forestry, agriculture, fishing, sanitary and recycling industry.

#### **D. Promotion of Equal Employment Opportunity (EEO)**

EEO is about equality in the workplace. It is the right of every person to work and advance on the basis of merit, ability and potential regardless of gender, age, religion, educational background and disabling condition. In the 2015 Global Gender Gap Report of the World Economic Forum, the Philippines were in the 7<sup>th</sup> place out of 145 countries<sup>9</sup>. This means that access to resources and opportunities (economy, education, health and politics) are at high levels and that gaps are quite small or minimal.

### **3. PMAP projects and initiatives**

Major PMAP activities include the following:

#### **A. PMAP Awards Program**

Institutionalized in 1977, the PMAP Awards Program gives recognition to outstanding achievers whose leadership, dynamism and professionalism set apart some corporations and individuals as a breed all their own. Corporate and Individual Awards – the most coveted of which are the “Employer of the Year” and the “People Manager of the Year” – are given annually for remarkable achievements that measure up to the high standards of PMAP. Past winners of these awards include some of the most respected organizations and individuals from Philippine business. The 40<sup>th</sup> PMAP Awards ceremonies will be held at Philippine International Convention Center, Manila City on October 20, 2016.

#### **B. Annual Conference (AC)**

This is an annual convention of the entire membership of the Association that brings together the wealth of the country’s HRM expertise. Also open to non-member HRM practitioners, government sector representatives, and the members of the academe, the AC aims to chart the directions and strategies to be taken in addressing common and critical issues in HRM. The AC combines noteworthy people management issues, in-depth dialogues, and fellowship activities.

#### **C. General Membership Meetings (GMMs)**

Alternately sponsored by different industry groups and PMAP committees, monthly luncheon meetings give members a chance to get first-hand information on current issues from the leaders and policy-makers in industry, government, and society, in general. At the same time, the GMMs provide a venue where members can enhance their professional network and build friendships with their colleagues from the HRM

profession. The PMAP GMMs are held every last Wednesday of the month.

#### **D. Symposia and Executive Fora**

Combining the benefits of individualized orientation in a group setting, these professional development activities offer privileged information related to HRM functions and concerns. Aside from symposia on the latest HRM and IR issues, lecture series and other learning events give members a first-hand account of valuable experiences of leaders from various organizations (local and international) on specific HR concerns, latest HR trends and practices.

#### **E. Professional Fellowship**

Fellowship within the context of the organization has a two-pronged objective:

- 1) To enhance the individual practitioner's professional growth; and
- 2) To build the PMAP family spirit and commitment.

Professionally organized activities during monthly meetings, the annual conference, and special fellowship events are designed to develop an atmosphere of social interaction, acquaintance and a sense of belonging among members.

#### **F. Corporate Social Responsibility**

PMAP is continuously doing its share in promoting and advancing the concept of Corporate Social Responsibility (CSR) among its members through workshops and seminars on developing and implementing CSR programs. The Association also embarks on its own CSR and community relations programs focusing on immediate needs such as livelihood development, environmental protection, employment generation, educational scholarship, and social service linkages.

#### **G. Consultancy Service**

Members benefit from PMAP's effective response to specific people management issues and employee relations problems. A pool of subject matter experts from all facets of HR composed of seasoned IR practitioners and lawyers, Compensation and Benefits guru, learning and development experts among others, is available for free consultation either through telephone, written or face-to-face queries. One of the biggest milestone for PMAP was sharing its expertise in the Australian DFAT funded project for the Department of Education managed by BEST-Cardno.

#### **H. Surveys**

Benchmark surveys and pulse surveys are also conducted on a monthly basis. These are used for a better analysis of the industry and cross-industry trends, sentiments, and practices by the PMAP general membership. Currently, the Research Center of PMAP is undertaking its 2016 Salary and Benefits Survey

across different industries in fourteen job levels. This study is hoped to benefit its growing members.

### **I. Workshops and Trainings**

The Asian Institute of Human Resource Management (AIHRM) serves as the training and development arm of the Association. The AIHRM plans, conducts and evaluates the training and professional development programs of PMAP, in response to the needs of HRM executives and managers, officers and staff of member-companies, and independent HRM practitioners. The Diploma in Human Resource Management is the flagship program of PMAP where subject matter experts are not only trained academically but are HR practitioners themselves. Its cutting edge advantage is the mix of theory and practice.

### **J. Society of Fellows**

The Philippine Society of Fellows (PSOF) in People Management is an affiliated body in PMAP that offers opportunities for further professional growth of individual HRM practitioners. Through its Accreditation Council, the PSOF bestows the titles of Diplomate in People Management (DPM), Fellow in People Management (FPM), and Associate Fellow in People Management (AFPM) to individual HRM practitioners in recognition of their level of professional competence.

### **K. PMAP Foundation**

The PMAP Human Resources Management FOundation, Inc. (PMAP Foundation) was created to promote the transcendent purpose of the People Management Association of the Philippines by way of (a) Good corporate citizenship in the member companies; (b) Mutual assistance; (c) People Development projects; and (d) Sustainability of the Foundation through fund raising strategies.

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**Sources:**

<sup>1</sup><http://www.neda.gov.ph/2016/08/18/statement-of-secretary-ernesto-m-pernia-on-the-2016-second-quarter-performance-of-the-economy/>

<sup>2</sup><https://psa.gov.ph/statistics/survey/labor-force>

<sup>3</sup><https://psa.gov.ph/content/employment-rate-july-2016-estimated-946-percent>

<sup>4</sup><https://psa.gov.ph/content/employment-rate-july-2016-estimated-946-percent>

<sup>5</sup><http://www.gov.ph/programs/conditional-cash-transfer/>

<sup>6</sup>[http://www.tesda.gov.ph/uploads/File/LMIR2011/nov/NTESDPFinal%20asofSept29\\_1\\_pg1-40.pdf](http://www.tesda.gov.ph/uploads/File/LMIR2011/nov/NTESDPFinal%20asofSept29_1_pg1-40.pdf)

<sup>7</sup><http://www.gmanetwork.com/news/story/574398/news/nation/pulse-asia-survey-duterte-gets-91-trust-rating-robredo-62>

<sup>8</sup>[https://psa.gov.ph/sites/default/files/attachments/hsd/pressrelease/TABLE%201%20Employed%20Persons%20by%20Sector%2C%20Occupation%20and%20Class%20of%20Worker%2C%20Philippines%20July%202015\\_0.pdf](https://psa.gov.ph/sites/default/files/attachments/hsd/pressrelease/TABLE%201%20Employed%20Persons%20by%20Sector%2C%20Occupation%20and%20Class%20of%20Worker%2C%20Philippines%20July%202015_0.pdf) \_accessed March 5, 2016.

<sup>9</sup> <http://reports.weforum.org/global-gender-gap-report-2015/> \_accessed March 5, 2016.