

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 1180



Introduced by **Kabataan Party-list Representative Terry L. Ridon**

EXPLANATORY NOTE

The Philippines has the second biggest business process outsourcing (BPO) industry in the world according to the International Labor Organization (ILO). It brought in an estimated revenue of \$13 billion and employed at least 700,000 workers in 2012. In 2013, the BPO industry is forecasted to generate \$15 billion gross revenues and employ 1 million workers. In the absence of genuine national industries, we praise this industry for the apparent and immediate employment opportunities it grants many of our people. In the light of the foregoing, we need to ensure the rights and welfare of those who have chosen to rely on this "sunshine industry." Thus we now re-file the BPO Workers Welfare & Protection bill under the 16th Congress.

In consultations since the 14th Congress, stakeholders including BPO managers, call center agents, and parents of BPO workers have expressed concern on the working conditions in many of the companies in this industry. Among the problems raised by stakeholders is that BPO companies devise mechanisms to prevent many of their employees from becoming regularized despite having been employed as probationary workers or trainees for more than six months. This mechanism effectively divests many BPO workers of the benefits that should be granted to them for all the time they have spent serving the company, from the right to money claims and security of tenure, to the right to regular medical check-ups. Another concern is the health and psychological risks attendant to the nature of their work. In many BPO companies, employees are not allowed to take restroom breaks for hours on end in order to satisfy quotas or demands. It is no wonder why many BPO employees complain of urinary tract infections and other such complications after their employment in BPO workplaces.

Substantiating the stakeholder feedback, the ILO study on the BPO industry in 2010 said that while the BPO industry provide relatively "good" quality jobs, "key changes in the BPO industry policies and practices" need to be pushed to improve work conditions.

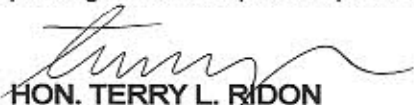
The study reported that 48 percent of BPO workers suffer from insomnia while 54 percent from fatigue. Of which, 45.6 percent cited that harassment from irate clients are among the causes of work-related stress among workers, 41 percent from excessive and tedious workload, 37.4 percent from performance demands, 33.7 percent from monotony and 33.4 percent from regular night work. The ILO study also noted high workforce attrition or staff turnover rates which need to be addressed.

The bill seeks to promote and protect the rights of our fellow Filipinos, many of them belonging to the youth sector, who flock to BPO companies for immediate employment.

The bill reasserts the prescribed labor standards set forth in the Labor Code and institutionalize additional benefits that would hopefully address specific work-related problems and issues peculiar to the nature of BPO work. Salient proposals of the bill include:

1. Regularization of all BPO workers upon the sixth month of employment as trainee or apprentice, or upon the completion of a maximum probationary training period of six months.
2. Standardized restroom breaks not shorter than five minutes each, with intervals of two hours during their working hours.
3. Entitlement to medical benefits upon entry in the BPO company and not merely upon regularization
4. Right to Self-Association, to engage in Collective Bargaining, and to participate in Democratic Exercises

The BPO Workers Welfare and Protection bill was originally filed under the 14th Congress and re-filed under the 15th by then Kabataan representative Raymond V. Palatino. It is now our fervent hope that the 16th Congress will see through the immediate passage of this important piece of legislation.



HON. TERRY L. RIDON
Representative, Kabataan Party-list

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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the State to protect the rights, and promote the welfare of workers in the Business Process Outsourcing (BPO) industry and to take appropriate steps to recognize such rights and welfare. The State recognizes the role of BPO workers in nation-building and that protecting and promoting their rights and welfare form an integral part of national development. The State shall strive to improve and promote their social and economic status, living and working conditions, terms of employment, professional growth and career development.

SECTION 4. *Standard of Treatment.* – The employer and the supervisors must, at all times, treat the BPO worker in a just and humane manner and ensure and provide that rights and benefits of BPO workers be accorded them as mandated by Presidential Decree 442, otherwise known as the Philippine Labor Code. Abusive language, physical violence or any act which debases the dignity of a person shall not be used against the employee.

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1 their profession. BPO companies shall not restrain their employees from organizing or
2 attending activities, such as, but are not limited to, workshops and symposia, that seek to
3 equip BPO workers with relevant information with regard to their rights, welfare and
4 conditions.

5 **SECTION 6.** *Protection from Understaffing or Overloading.* – There shall be no
6 understaffing or overloading of BPO workers. The ratio of BPO worker to client quota or
7 quantitative targets shall be such as to reasonably effect a sustained quality of service at
8 all times without overworking the worker and over-extending his/her services beyond what
9 is stipulated in the employment contract, or what is allowed as the worker's regular hours
10 of work. The employer may request the employee to perform tasks beyond the duties
11 stipulated in the employment contract; *Provided*, That the employee consents and;
12 *Provided*, That such tasks are duly compensated by the employer with an additional pay of
13 not less than 25% of the regular rate per hour.

14 **SECTION 7.** *Regularization.* All BPO workers shall be considered regular
15 employees upon the sixth month of employment as trainee or apprentice, or upon the
16 completion of a maximum probationary training period of six months.

17 **SECTION 8.** *Right to Self-Association, to engage in Collective Bargaining, and to*
18 *participate in Democratic Exercises.* – It shall be unlawful for any person or company to
19 restrict the right of BPO workers to join, organize, or assist organizations, to collective
20 bargaining and to participate in the deliberation of issues and in the formulation of policies
21 that affect them.

22 **SECTION 9.** *Freedom from Interference or Coercion.* – It shall be unlawful for any
23 person or company to commit any of the following acts of interference or coercion:

24 (a) to require as condition of employment that BPO employees shall not join, form or assist
25 in the formation of an organization;

26 (b) to discriminate in order to encourage or discourage membership in an organization;

27 (c) to prevent a BPO employee from carrying out his duties and functions in his
28 organization to penalize the employee for any lawful action performed in that capacity;

29 (d) to perform acts calculated to diminish the independence and freedom of the union or
30 organization to direct its own affairs.

31 **SECTION 10.** *Freedom from Company Bond.* – It shall be unlawful for any person
32 or company to compel a BPO worker to commit to a company bond, imposing an
33 exorbitant fee to be paid by the employee upon leaving the company before a specified
34 length of time.

1 **SECTION 11. *Right to Money Claims.*** – The company may not, in any case,
2 prevent a BPO worker from receiving his/her rightful money claims arising from labor
3 disputes.

4 **SECTION 12. *Protection from Discrimination.*** – BPO workers shall be protected
5 from discrimination by reason of sex, sexual orientation, age, political or religious beliefs,
6 civil status, physical characteristics or disability, or ethnicity.

7 **SECTION 13. *Safeguards in Administrative Proceedings.*** – In any administrative
8 proceeding, a BPO worker shall have:

9 (a) the right to be informed of the charges;

10 (b) the right to full access on evidence against him/her;

11 (c) the right to defend himself/herself or by a counsel of his/her choice;

12 (d) the right to be given adequate time to prepare his/her case, which shall in no case be
13 less than one week;

14 (e) the right to appeal to designated authorities;

15 (f) such other rights as will ensure fairness and impartiality during proceedings.

16 **SECTION 14. *Regular Hours of Work.*** – Normal hours of work for BPO workers
17 shall not exceed eight (8) hours a day. Any work done by BPO employees beyond the
18 regular hours of work shall be duly compensated by the employer.

19 **SECTION 15. *Overtime Work.*** – BPO workers may be required to render services
20 beyond his/her required working hours in cases provided for in the Labor Code; *Provided,*
21 That the employee is paid for the overtime work with an additional compensation
22 equivalent to not less than his regular wage plus twenty-five percent (25%).

23 **SECTION 16. *Night Shift Differential.*** – BPO workers shall be paid a night shift
24 differential of not less than ten percent (10%) of his regular wage for each hour of work
25 performed between ten o'clock in the evening and six o'clock in the morning.

26 **SECTION 17. *Rest & Meal Periods.*** – BPO workers shall be entitled to
27 compensable rest periods and meal periods not less than what is provided for in the Labor
28 Code and other existing laws. Employees shall have the right to brief restroom breaks,
29 which shall not be shorter than five minutes each, with intervals of two hours during their
30 working hours. To comply with such, the BPO company shall devise a mechanism in order
31 to ensure the implementation of regular restroom breaks among its workers without
32 sacrificing the continuous flow of work among its employees.

33 **SECTION 18. *Regular Working Days.*** – All BPO workers shall render work for not
34 more than six (6) consecutive days per week. While the specific day of the week set aside

1 as rest day may be stipulated in the employment contract, the same may be changed for
2 another day of the week upon the mutual agreement of the employer and the employee;
3 *Provided*, That the employer shall respect the preference of the employee for his/her
4 weekly rest day when said preference is based on religious grounds.

5 **SECTION 19. *Work on Holidays.*** – BPO workers may be required to work on days
6 designated as non-working holidays in the Philippines granted the nature of their
7 profession; *Provided*, That the employer shall duly compensate the employee's work on
8 such days in accordance to existing laws with regard to holiday pay.

9 **SECTION 20. *Leave Benefits.*** – BPO workers shall be entitled to all leave benefits
10 and privileges, such as but not limited to maternity, paternity, vacation and sick leaves, as
11 provided for under existing laws: *Provided*, That upon separation of the employee from
12 service, they shall be entitled to all accumulated leave credits with pay. No employee may
13 be terminated based solely on unapproved leaves without affording the employee due
14 process in an administrative proceeding.

15 **SECTION 21. *Transportation Benefits.*** – In the absence of or in the lack of safe
16 and adequate public transportation services in BPO workers' places of work, they shall be
17 entitled to safe transportation service, which may include, but are not limited to shuttle
18 services, to and from the place of work to designated drop-off points, to be provided by the
19 company in order to facilitate the safe commute of employees at vulnerable times at night
20 or early in the morning.

21 **SECTION 22. *Medical Examination and Treatment.*** – BPO workers shall be entitled
22 to a medical examination free of charge upon entry in the BPO company and not merely
23 upon regularization, and every year thereafter during his/her tenure of employment. They
24 shall also be compensated for injuries and medical complications arising from and related
25 to their work in accordance to existing laws, labor policies, guidelines or circulars as the
26 case may be.

27 **SECTION 23. *Workplace Policy on Occupational Safety and Health*** – An
28 occupational safety and health policy shall be formulated by each BPO establishment
29 addressing the safety and health concerns in BPO workplaces and worksites, in
30 accordance with the Occupational Safety and Health Standards (OSHS) and other related
31 OSH issuances.

32 **SECTION 24. *Security of Tenure.*** – No employee may be terminated except for just
33 cause as may be provided by the Labor Code and other existing laws and after due
34 process in an administrative proceeding as provided for in this Act.

35 **SECTION 25. *Prohibition Against Elimination or Diminution of Benefits.*** – Nothing
36 in this Act shall be construed to eliminate or diminish in any way existing benefits being
37 enjoyed by BPO employees at the time of the effectivity of this Act, or benefits beyond the
38 minimum standards set forth by this Act.

1 **SECTION 26. *Penal Provision.*** – Any person or company who violates the
2 provisions of this Act shall be punished with a fine of not less than Twenty Thousand
3 Pesos (P20,000) and/or imprisonment of not less than two (2) months but not more than
4 one (1) year, or both at the discretion of the Court.

5 **SECTION 27. *Separability Clause.*** – If any provision of this Act is declared
6 unconstitutional or invalid, the remainder thereof not affected thereby shall continue to be
7 in full force and effect.

8 **SECTION 28. *Repealing Clause.*** – All laws, ordinances, rules and regulations,
9 other issuances or parts thereof which are inconsistent with this law are hereby repealed
10 or modified accordingly.

11 **SECTION 29. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
12 publication in at least two newspapers of general circulation.

Approved,