

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session



HOUSE BILL NO. 309

Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
INSTITUTING A THIRTY-FIVE (35) HOUR WORKING WEEK SCHEME
AS AN ALTERNATIVE WORK ARRANGEMENT FOR EMPLOYEES
IN THE PRIVATE SECTOR

EXPLANATORY NOTE

The British economist John Maynard Keynes predicted that technological advancements will eventually lead to shorter working days and forecasted that by 2030 workers would be able to enjoy abundant leisure time. Indeed, progress in technology has considerably altered social structures and affected human activity. Among these are those in the world of work where new arrangements have begun to evolve. One notable development is the growing trend of flexible working time and the gradual shift from the standard forty (40) hour working week to a shorter one.

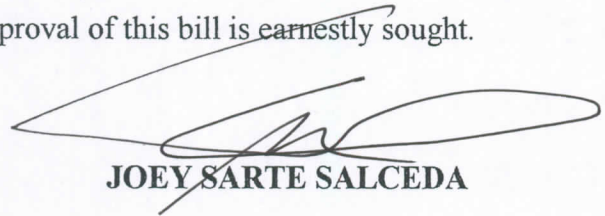
While this growing trend may seem counter-productive, Anna Coote of the New Economics Foundation in Australia, among other academics, suggests that a shorter, more flexible working week actually increases productivity and strengthens the economy. Citing various reports, she concludes that part-time workers are physically and mentally healthier, and are thus more productive. Observations like these have enjoined other parts of the world to make policy changes that would test whether a reduction in the number of weekly work hours can boost employee productivity.

While increased productivity seem to be a main benefit, both employers and employees who have participated in shorter weekly work hour schemes have cited other less obvious but just as important gains. For example, flexibility in workplaces accommodated the special needs of families, mothers, and older workers. Shorter work hours saved on utility bills, and resulted to fewer cars on the road during rush hours. In a study conducted by the Swedish government, workers in stressful environments such as nurses who were working six hours a day were more active and less sick than those working eight-hour days.

In light of the aforementioned, this bill proposes to institute a thirty-five (35) hour working week for employees in the private sector as an alternative work arrangement. This is

in line with the policy of the State to promote not only higher levels of productivity but also the welfare of workers. With this bill this representation envisions a more robust economy, and happier workers in healthier workplaces.

It is for these foregoing premises that the approval of this bill is earnestly sought.



JOEY SARTE SALCEDA

Improving Quality of Life, Productivity and Sustainable Consumption by Reducing Hours at Work

by Joey Sarte Salceda, 2DAlbay Representative

1. The Labor Code of the Philippines stipulates that the normal hours of work for employees in the Philippines are not to exceed eight (8) hours a day. These hours of work should be exclusive of a one (1) hour (unpaid) daily lunch break. Working hours include (a) all time during which an employee is required to be on duty and/or to be at a prescribed workplace; (b) all time during which an employee is permitted to work; and (c) rest periods of short duration during working hours. Further, if an employee needs to work overtime, the employer is required to pay overtime payments which consists of an additional compensation equivalent to his regular wage plus at least 25% thereof. Work performed beyond eight hours on a holiday or rest day, on the other hand, is supposed to be paid an additional compensation equivalent to the rate of the first eight hours plus at least 30% thereof. While no express limit on weekly working hours are identified in the Labor Code, historical data are at 48 hours (i.e., 8-hour daily limit and 1-day minimum weekly rest period).
2. Aside from the Labor Code, several laws affect working hours. These laws include (a) the Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act - Republic Act No. 7610 of 1992 as amended by Republic Act No. 9231 of 2003 (b) Batas Kasambahay Act 2004 (c) Solo Parents' Welfare Act 2000 - Republic Act No. 8972, (d) Omnibus Rules to Implement the Labor Code, (e) annual Presidential Proclamations Declaring the Regular Holidays, Special (non-working) Days and Special Holidays (for all schools) for the calendar Year. Government workers are required to render not less than eight (8) hours of work a day from Monday to Friday or a total of forty (40) hours a week exclusive of time for lunch, as mentioned in several such as Civil Service Commission Memorandum Circular No. 21, s.1991 (Policy on Govt Working Hours) and recently Office of the President Memorandum Circular No. 3, s. 2016.
3. With government planning for heavily investing in infrastructure development to improve connectivity across the country, including in Metro Manila where traffic problems currently abound, the State must adapt its labor policies to help workers develop a work-life balance. While the State has recently passed a law allowing for work-from home through Republic Act 11165, also known as "An Act Institutionalizing Telecommuting as an Alternative Work Arrangement for Employees in the Private Sector", only employees of the private sector are entitled to the telecommuting option, provided that their employers offer it. Since most of labor activities in the country have yet to be set-up for remotely working from an office, it is important to examine a number of issues pertaining to work hours. This study provides a background on a proposed law that seeks to also improve work-life balance by reducing weekly work-hours from 40 to 35.

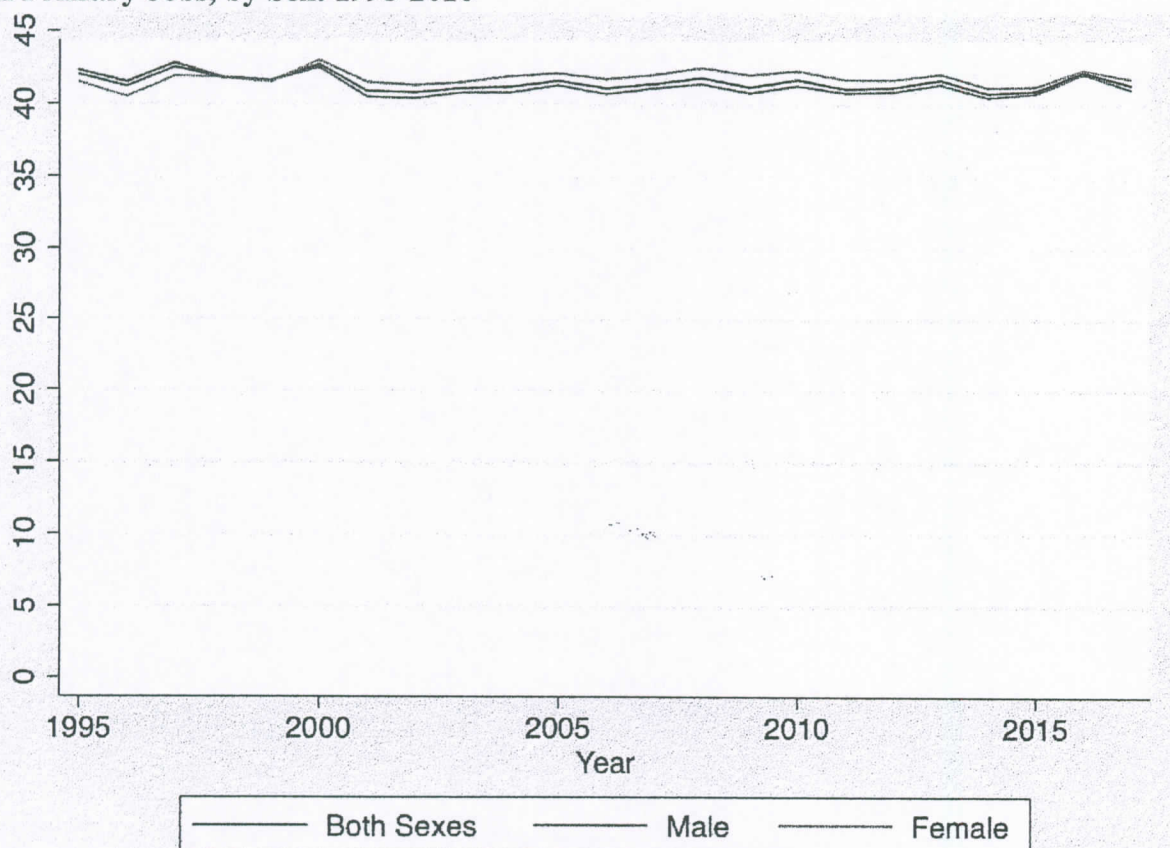
Weekly Working Hours in the Philippines and Globally

4. Throughout history, we have periods called industrial revolutions when industry has been drastically enhanced by shifting from using established production methods to employing cutting-edge technologies; these enhancements in production have yielded profound impacts, such as increased productivity, improved accuracy and precision of manufacturing processes, and reduced labor costs (Dadios *et al.*, 2018). In the early days of the first industrial revolution which involved the use of steam and water power (in the mid-1700s),

normal working hours across the world were 14 to 16 per day, and these were progressively reduced to 12, 11 then 10 per day during the second industrial revolution which used electricity and assembly lines (in the latter half of the nineteenth century). During and at the end of the second world war (in the middle of the twentieth century), an eight-hour work day eventually emerged that was even legislated in many countries. As a result, the limitation of working hours by legislation to eight hours a day yielded a work week of 48 hours in countries that offered a one day per week off. In the United States, the typical 48-hour workweek was further scaled back by Ford Motor Company to 40-hours. Founder Henry Ford, who is widely credited for the mass production assembly line, considered that too many hours were not optimal for workers' productivity, and in fact, the adoption of a five-day 40-hour week for automotive workers at Ford factories, boosting profits in the process. Kellogg's in the 1930s also used shorter hours and reduce accidents in its plants by 41%. Across the world, several countries have legislated maximum five-day work weeks at 8 hours per day. Thus, since the late nineteenth century, weekly working hours have sharply declined by 20 or even 30 hours less in many countries (Huberman and Minns 2007).

5. According to the Labor Force Survey (LFS), conducted by the Philippine Statistics Authority (LFS), average hours at work per employed person (in their respective primary jobs) have been unchanged in the Philippines across decades, even among men and women. Prior to 2000, men reported slightly higher work hours than women in their primary jobs though the patterns have reversed since 2000 (*Figure 1*).

Figure 1. Average Weekly Hours Actually Worked per Employed Person in Primary Jobs, by Sex: 1995-2016



Source: Labor Force Survey, Philippine Statistics Authority

6. Disaggregated data from the January 2018 LFS round by sex and by region shown in Table 1 shows that even if weekly hours at work average around 40 hours in the country, there are regional disparities. Average weekly hours actually worked per employed person in primary jobs are highest among males in the National Capital Region (followed by women also in Metro Manila), and lowest among women in the Autonomous Region of Muslim Mindanao (followed by men in Eastern Visayas).

Table 1. Average Weekly Hours Actually Worked per Employed Person in Primary Jobs among Men and Women, by Region: January 2018

Region	Male	Female	Both Sexes
Ilocos Region	39.2	39.8	39.4
Cagayan Valley	34.2	35.3	34.6
Central Luzon	44.2	45.5	44.7
CALABARZON	44.5	44.9	44.7
Bicol	35.5	37.4	36.2
Western Visayas	38.9	39.0	38.9
Central Visayas	39.3	39.9	39.6
Eastern Visayas	33.5	35.8	34.4
Zamboanga Peninsula	36.6	34.7	36.0
Northern Mindanao	37.0	36.3	36.7
Davao	41.7	42.3	41.9
SOCCSKSARGEN	35.6	38.0	36.4
National Capital Region	48.3	47.8	48.1
Cordillera Administrative Region	41.8	39.9	41.1
Autonomous Region in Muslim Mindanao	37.7	33.1	36.6
Caraga	34.0	35.3	34.5
MIMAROPA	35.6	34.0	35.0
Philippines	40.3	41.0	40.6

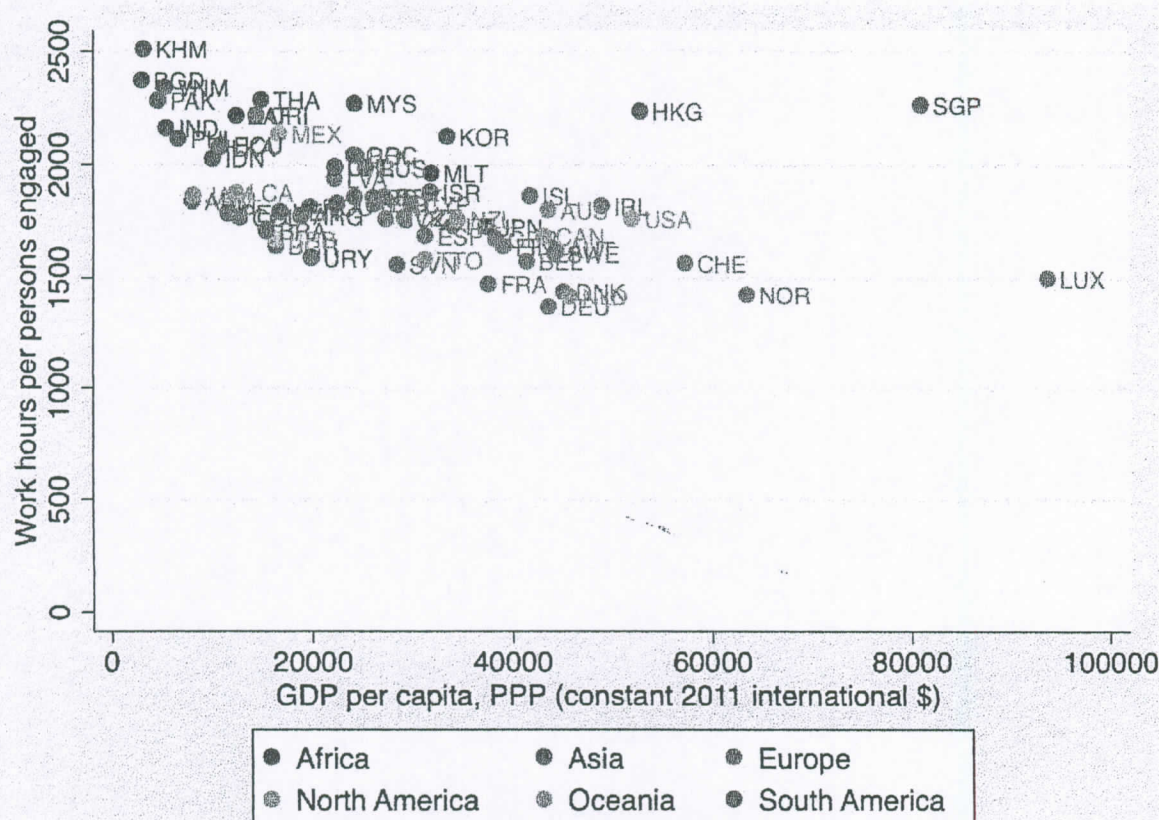
Source: January 2018 Labor Force Survey, Philippine Statistics Authority

7. Currently, cross-country data on working time are available from three main sources: Eurostat, the International Labour Organization (ILO), and the Organization for Economic Cooperation and Development (OECD). Data from the ILO suggests that across 174 countries, the maximum hours of work ranges from 35 (in France) to 60 (in Seychelles). Four countries do not have a general statutory weekly limit, twelve countries do not have any data. Reports of the OECD focus on the total number of hours worked per year in a country. The 2018 Employment Outlook report of OECD suggests that Germany has the least hours of work among OECD countries at 1,356 hours annually (equivalent to 26.1 hours a week). Other OECD countries enjoying the least hours of weekly work are the Denmark (27.1), Norway (27.3), Netherlands (27.6), and Sweden (28.3). On the other hand, Mexico has the most hours of weekly work (43.4), followed by Costa Rica (41.9), South Korea (38.9), Russia (38.1), and Greece (37.6) and Chile. In the United States, the work week per worker is 34.2 hours while in neighboring Canada, the hours at work average 32.6 hours.

Efforts to Reduce Work Hours Across Countries

8. Last July 2018, South Korea amended its Labor Standards Act to prevent chronic overwork among its citizens. The amendment reduced its maximum weekly work hours from 68 to 52, with workers allowed to work 40 hours and an additional 12 hours of overtime per week. Smaller firms in Korea are not needed to make the changes until 2020, but larger firms which that violate the new rules on work could face fines up to \$17,815, with executives facing two years in prison. The shift though was made effective 6 months after the law was passed.
9. From the 1980s to the end of the last millennium, a number of countries in Europe (such as the Netherlands in the 1980s, and France around 2000) shortened their work weeks as a policy tool for lowering unemployment. Between 1984 and 2001, unemployment rates in the Netherlands, however, remained relatively static.
10. Spithoven (2002) points out that while reduced hours legislation did not meet its stated goal of increasing employment in the Netherlands, it had a positive effect on per-worker economic output, as “workers were prodded to complete the former volume of work in less time” (Spithoven 2002: 351). Nyland (1989) also finds that this pattern of increased productivity is typical of efforts to reduce the length of the workweek. This empirical relationship between productivity and hours worked is shown in the following figure for 64 countries in 2014 where data is available.

Figure 1. Annual hours worked (per person engaged) vs. GDP per capita (in constant PPP 2011 USD), 2014



Source: Feenstra et al. (2015) and World Bank

11. Thus, it can be noticed that some of the most productive economies globally (namely, Belgium, the Netherlands and Germany) have work weeks with far fewer hours than the average work hours in the Philippines. Thus, it is possible to make changes in reducing hours without weakening their economies. Also increasing productivity does not merely have to rely on the number of hours put in, but also on the overall welfare of the workforce aside from investments in emerging technologies.
12. Over 90 years ago, influential economist John Maynard Keynes (1930) predicted that technological progress would lead us to have shorter weeks and abundant leisure time; he suggested that by 2030, the normal workweek would be 15-hours. While the world is far from this prediction by current practices, there have been some countries (particularly New Zealand and Sweden) that have experimented further with shorter working weeks. These studies hypothesized that spending less time at the office means employees are more focused, procrastinate less and have healthier and happier lives outside of work. The trials resulted in happier, healthier and more motivated employees.
13. Thus, several think tanks (e.g., New Economics Foundation, 2010; Autonomy 2019) have advocated for reducing the normal working week to address a range of linked problems on sustainable development such as unemployment, overwork, low well-being, entrenched inequalities, over-consumption, high carbon emissions, and the lack of time to live sustainably, to care for each other, and simply to enjoy life. The report of Autonomy (2019), in particular, also provides a discussion of various case studies that demonstrate that shorter working weeks (and greater worker control over working time) can mean fewer sick absences, fewer in-work accidents and higher motivation on the job.
14. In a scoping study on the Fourth Industrial Revolution, the Philippine Institute for Development Studies (PIDS), discusses how the Fourth Industrial Revolution build on the Digital Revolution (the Third Industrial Revolution) and introduce cyber-physical systems that enable technologies to be embedded within societies and even the human body (Dadios *et al.* 2018). The report also suggests that we should expect major disruptions not only in business models but also in the labor market. The nature of future jobs are likely to change with some current jobs that involve a lot of repetitive and codifiable tasks are likely to be displaced, so that government should prepare the landscape for work-sharing, and alternative work patterns such as telecommuting, and for working less than the current 8 hours a day the new norm. In the Philippines, a shorter working week is undoubtedly the answer to the problems resulting from the extent of time poverty that people face with work, commuting to work, networking and checking emails increasingly becoming a more regular aspect of our lives. This provides a further burden on the lack of time for housework that clearly women more than men have to take on even after they get home from their respective jobs. Cross-country studies suggest that working time is unequal between men and women in both the labor market and in the home, and the amount of time on paid work is a key determinant of work-family conflict (e.g., Medalia and Jacobs 2008).
15. Studies (e.g. Galinsky *et al.* 2001) also show that when employees feel overworked, this affects not only the workplace (with workers more likely to make mistakes on the job, affecting product quality and overall production costs) but also the home with a reduction in happiness and quality of life. A number of workers in the National Capital Region where traffic problems abound, According to a recent Gallup Global Emotions report, the Philippines placed second (to Greece) among 145 countries in terms of being most stressed,

with 58% in the country pointing out that they had experienced a lot of stress a day before the poll was conducted in 2018, and this result was well above the global average of 35%.

Required Legislation for Reducing Working Hours

16. In anticipating the changing labor market, and the increasing strain from commuting, it is crucial that legislation be formulated to transition to a shorter working week without a reduction of pay. The transition may be done in phases, with the public sector being the first to adopt the reduced hours in the first two years of the law's implementation. A shorter working week in the public sector would bolster staff wellbeing and productivity among government workers, while helping to provide incentives to retain staff and make government jobs more attractive. The second phase could involve large private companies in the third year of the law's implementation with these firms even being provided subsidies for investments in labor-saving technologies, as they ensure that automation saves workers time while retaining wage levels. Micro- small- and medium-enterprises can be given the option to voluntarily reduce working hours per week. Firms in both the public and private sector that have five-day work weeks may also compress the work week to four days at work going no more than 9 hours per day. For implementing the reduced work week, firms may decide to offer paid lunch hours. Further, to manage the implementation costs, employees in firms with reduced work weeks would not be entitled to salary adjustments in the first year of implementation of the reduced work week.
17. While these recommendations may encounter some opposition in terms of costs, the issue is whether business-as-usual will have long term consequences on the welfare of the labor force. The future of the job market is already partly here: changing working arrangements such as telecommuting are being adopted by some businesses in the Philippines today, with the legal framework having been recently promulgated. Some firms across the world are experimenting with four-day weeks (without increasing daily hours at work and without a loss in pay). If the Philippines is to prepare itself from the emerging changes in the labor market, a shorter working week can be a key part of a new strategy that focuses on putting people and the environment at the core of its political strategy as less working hours are likely to also reduce our carbon footprints. A shorter working week should be understood as part of an action plan that attempts to meet head on the opportunities challenges of the fourth industrial revolution and massive infrastructure development in the cities, as well as recognize the need of citizens for obtaining a work-life balance.

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Introduced by **Representative JOEY SARTE SALCEDA**

**AN ACT
INSTITUTING A THIRTY-FIVE (35) HOUR WORKING WEEK SCHEME
AS AN ALTERNATIVE WORK ARRANGEMENT FOR EMPLOYEES
IN THE PRIVATE SECTOR**

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

SECTION 1. An employer in the private sector may, upon request of its employees or on a voluntary basis, implement a thirty-five (35) hour working week arrangement for its employees upon such terms and conditions as they may mutually agree upon, including arrangements for flexible working time: Provided, That such terms and conditions shall not be less than the minimum labor standards set by law.

In all cases, the employer shall ensure that the employees under a thirty-five (35) hour working week scheme shall:

- (a) receive a rate of pay, including overtime, night shift differential and other similar monetary benefits, not lower than those provided in applicable laws, and collective bargaining agreements;
- (b) have the right to rest periods as provided for by law;
- (c) have equivalent workload and the same performance standards as those of comparable employees in the company; and
- (d) be provided by the employer with written information on the terms and conditions of the thirty-five (35) hour working week scheme adopted, and the corresponding responsibilities of the employees under such arrangement.

SEC. 2. The parties to a thirty-five (35) hour working week arrangement shall be primarily responsible for its administration. In cases of conflict during implementation of the scheme, the differences shall be resolved under the grievance mechanism of the company. For companies without grievance machineries or whose mechanisms are inadequate, the grievance shall be referred to the Department of Labor and Employment for resolution. For this purpose, employers shall keep and maintain, as part of their records, documents proving that a thirty-five (35) hour working week arrangement was adopted.

SEC. 3. Within sixty (60) days from the effectivity of this Act, the Secretary of Labor and Employment shall, in consultation with the National Tripartite Industrial Peace Council and relevant stakeholders, issue the appropriate implementing rules and regulations of this Act.

SEC. 4. All laws, decrees, orders, rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 5. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,