Four-Day Workweek in the Philippines: Policy, Practice, Prospects

This brief puts together the policy, practices and experiences concerning the implementation of four-day workweeks. It provides illustrative sources of arguments for and counter-points against the said policy.

What is the issue?
An executive directive has been issued by the President to study the adoption of a four-day workweek scheme, primarily to contribute to the effort of reducing energy consumption.


Section 2 of the bill is the most prominent source of policy and implementation issue. It reads: Section 2. Coverage of this Act. This mandates a four-day workweek starting from Monday to Thursday in public and private sectors, thereby requiring workers to render ten hours of work daily during the said period.¹

The Bill was filed with a prefatory justification of lowering business costs to enable companies cope with operation expenses while being able to pay workers according to labor standards.

What are the existing policy issuances on four-day workweek?
A four-day workweek is known in policy issuances in the Philippines as “compressed work week” since 1990. While policy allows for the practice of four-day workweeks, it has never been mandatory in nature.

- For public offices, four-day workweek may be implemented based on the rule implementing the Administrative Code of 1987 (Section 6 of Rule XVII) whichreads: “Flexible working hours may be allowed subject to the discretion of the head of department or agency. In no case shall the weekly working hours be reduced in the event the department or agency adopts a flexi-time schedule in reporting for work.”

- Department Order No. 21, Series of 1990 voluntary implementation of the compressed work week as an energy saving device while maintaining the productivity level in industry and offices where overtime pay is waived and where employers were mandated to notify the DOLE regarding the adoption of the scheme.

- DOLE Advisory No. 02, Series of 2004 “encourages voluntary adoption of compressed workweek”². As a form of waiver of overtime pay, the scheme reduces the number of work days in a week but the number of work hours is increased to more than eight per day.

Why is the issue important?
Implementing a mandatory four-day workweek in public and private workplaces immediately elicits reactions from employers, workers, and government agencies on aspects of employment, rights at work, social protection and even labor relations.

¹ House of Representatives, Fifteenth Congress House Bill No. 5237
To be validly adopted, the following conditions of DA 02-04 should be observed: (1) The scheme is expressly and voluntarily supported by majority of the employees affected; (2) In firms using substances, or operating in condition that are hazardous to health, a certification is needed from an accredited safety organization or the firm’s safety committee that work beyond eight hours is within the limits or levels of exposure set by the DOLE (occupational safety and health standards); and (3) The DOLE regional office is duly notified.

In compliance with the first requisite, in cases where workers in the firm is organized, an agreement must be signed between the union and management. As a corollary of the function of the labor organization to negotiate the terms and conditions of employment, the compressed workweek may be the subject of the collective bargaining agreement. The agreement may also be expressed through "other legitimate workplace mechanisms of participation such as labor-management councils, employee assemblies or referenda."3

DOLE Advisory No. 02, Series of 2009 (adoption of Flexible Work Arrangements) also included the CWW program as one of the coping mechanisms of firms in times of economic difficulties and national emergencies.

Has the Supreme Court of the Philippine ruled anything on four-day workweeks?
Yes. In the case BisigManggagawa vs. NLRC (GR No. 151309) case, the Supreme Court ruled on 15 October 2008 the validity of compressed work week, albeit indirectly. While the main contention of the case was over the claim of an employee for overtime pay, the Court held that the adoption of the scheme have complied with the conditions set in DO21 (1990) thereby affirming its validity.

What has been our recent experience with the four-day workweek policy?
In some of the case studies conducted by the Institute for Labor Studies in 2009 that made rapid appraisal of the flexible work arrangement (FWAs) during the global financial crisis or DO 02-09, it is noted that compressed workweek scheme was used by some establishments with fairly beneficial results.

Compressed workweek as a flexible work arrangement in certain establishments, when implemented solely and not complemented by reduced working hours or forced leaves, did not reduce the income of the workers, allowed establishments to maximize human resources while allowing both management and workers to have more days spent with family.4

What are the experiences of implementing four-day workweeks or compressed workweeks in other countries?
In the United States, the following procedures should be followed in establishing alternative work schedules5:

- Bargaining unit employees may participate in an AWS program only under the terms provided in a negotiated agreement (5 U.S.C. 6130(a)(1) and (2)). Therefore, an agency wishing to establish such a program for these employees must negotiate the establishment and terms of the program with the exclusive representative of the bargaining unit.
- In an unorganized unit, a majority of affected employees must vote to be included in a CWS program. (See 5 U.S.C. 6127(b).)
- If the head of an agency determines that a proposed AWS schedule will have an adverse impact on the agency, the agency may not establish such a schedule (5 U.S.C. 6131(a)(1)). If the agency and the union representing bargaining unit employees reach impasse over this determination, the impasse must be presented to the Federal Service

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Impasses Panel for resolution (5 U.S.C. 6131(c)(2)(A)).

In Canada, if the scheme is employer-initiated, a four-day workweek can only be adopted if it is with the consent of the local management and the local union representatives and upon the condition that all affected employees agree. Continued operation of the CWW scheme also requires a majority vote of all affected employees. Employee-initiated four day workweek scheme, on the other hand, can be negotiated (through collective agreements), or can be requested by majority of the employees and subject to the approval of the employer.  

In Korea, one company adopted a voluntary, four-day workweek which was participated by 80% of the company’s employees. Employees in the firm work for 12 hours for four days and get 150% of their regular daily rate.

**What are considerations in examining the proposed four-day workweek policy?**

The Decent Work Framework, which is the guiding measure for analyzing policies and programs in the current medium term, sets out four priority areas called “pillars” that need to be considered (employment, rights at work, social protection and social dialogue pillars) must be equally applied to the proposed policy.

The policy would have to be subjected to the four-way test established in the framework, which are:

- Will it help increase employment levels?
- Will it help expand access to employment opportunities?
- Will it help improve the quality of employment?
- Will it help promote mutual and/or collective gains?

Such determinants are considered in the following portions of this brief.

**Will four-day workweek help increase employment levels?**

No sufficient evidence could be gathered to show whether there is a positive effect of four-day workweek policy on employment growth. It is logical to assume, however, that the effect of a mandatory four-day workweek policy will differ across industries.

A policy favoring four-day workweek may also have an unintended effect of stagnating employment in certain industries and regions in the country. This can happen when establishments under the policy maintain only their best workers while trying to run their business under low operation cost (low workforce, low consumption).

In a study that took note of establishments that availed of FWAs (which included, among others, compressed workweek) during the global financial crisis, the most probable industries that could be affected by the affected by the policy are from manufacturing. These are firms manufacturing radio, television and communication equipment (PSIC D32); wearing apparel (PSIC D19); electrical and machinery apparatus (PSIC D31); furniture (PSIC D36); and the those that manufacture other products not previously classified (PSIC D39).

Based on the same data the number of workers affected in establishments that availed of FWAs were highest in the industrial Regions 7, 4-A and 3. Caution however is needed in interpreting this report as the information are not yet disaggregated as to which kind(s) of FWA was used in the said establishments.

**Will it help expand access to employment opportunities?**

The policy has the potential of providing access to more employment opportunities when properly marketed as an alternative work scheme for workers seeking work-life balance. However, establishments that will implement four-day workweeks should invest on services that address certain needs their workers. Long work hours make it difficult for after work activities.

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6 Flexibility in Hours of Work. (http://www.hrsdc.gc.ca/eng/lp/spila/wlb/wfp/07Flexibility_in_Hours_of_Work.shtml#2)  
8 Op cit, DOLE ILS. 2009.
employees with children it may be difficult to locate adequate child care support. The schedule may not match the workload, thus productivity may suffer. Transportation may need to be provided since most workers will have to report to work earlier and leave late in the night.

**Will it help improve the quality of employment?**

From the perspective of worker welfare and social protection the following pro- and con-scenarios may be brought about by the policy.

- **On individual incomes.** It’s possible for employees to maintain full time income while still regularly enjoying more than two days off a week. However, a compressed work week for those in the private sector will mean the loss of income for workers employed under no-work-no-pay work arrangements, as argued by TUCP in previous consultations.

- **On establishment cost and potential earnings.** A four-day workweek may reduce energy costs, employees’ commuting time and gasoline expenses thereby increasing the family’s incomes but reducing the work week to four from five will result in foregone earning opportunities for workers since overtime work would be minimal.

- **On occupational safety and health.** Nine to ten hour working days can be especially tiresome, both mentally and physically on employees. Workplaces would have to compensate for the additional work hours in terms of time for breaks, sanitary and recreational facilities, stress prevention programs, and food. It would take some time to acclimatize workers to extended working hours.

**Will it help promote mutual and/or collective gains?**

The current policies on compressed workweek is founded on two essential premises: (1) that the scheme will be borne out of an agreement by workers and employers and (2) that a great pressure is upon the establishment for it to avail of the scheme. Based on the cited ILS study, these two factors served as safety valves and help maintain harmony and security at the workplace even while it is under economic pressure. Apparently, this is also the reason why compressed workweek is the least criticized form among all the flexible work arrangements. The same factors provide workers and employers opportunities to engage in a social dialogue to determine the most feasible work arrangement for their establishment. And even when the current policy operates within the norm of voluntariness, it is still criticized to be a breach on the security of tenure of workers which is also guaranteed by state policy.9

This is suggestive that the voluntary nature of policy on flexible work forms, and not it being mandatory, is key for certain industries on whether they are implementable or not.

The proposed measure to make four-day workweeks mandatory across government offices and private establishments eliminates this opportunity for social dialogue.

**What can the prospects of a four-day workweek policy be?**

A policy favoring four-day workweeks to cut costs on operations can be a viable option for government and private establishments. However, certain policy considerations must be brought forth in modifying or improving it:

For **both government offices and private establishments:**

- the policy must somehow guarantee voluntariness
- a clear and distinct set of policy rules governing separation of employer-employee relationships under a four-day workweek scheme must be established so that the latter would not be perceived as a breach of established labor standards (or tenure in civil service)
- a four-day workweek scheme, during appropriate seasons, must be complemented by other energy efficiency-enhancing workplace such as daylight saving time (DST)
- a four-day workweek policy must not be perpetual; it should clearly set provisions for

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durations of implementation to give way to the implementation of policies under “normal conditions.”

For private establishments:

- four-day workweek scheme should be promoted as a policy that is applicable to certain industries only
- a four-day workweek scheme should not be coupled with reduced working hour and forced leave schemes
- a proposed four-day workweek policy should not prevent workers from availing productivity gain shares as envisioned in the two-tiered wage fixing system

For government offices:

- four-day workweeks should not hamper the delivery of basic services among government services
- skeletal work forces must be maintained during Fridays (allowing some workers to be assigned to work Tuesdays to Fridays).

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