

# Fight against endo: nothing much changed

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Once again, Philippine labor faced disappointment over the issuance of Executive Order 51 by President Duterte on Labor Day, May 1. The EO is believed to be just an echo of various labor laws already in force, and, therefore, not effectively dealing with the tricky issue of “endo.”



It was clearly a victory for employers, even if the Employers Confederation of the Philippines, representing a wide segment of employers in the country, raised concern about certain wordings that dealt with workers' security of tenure and the introduction of enforcement rules for certain provisions.

And from the President, himself, admitting that EO 51 did not really penalize companies that engaged in “endo” was a clear acceptance that he could not do anything much to totally ban temporary labor contracts that abuse the six-month probationary period stipulated by the law. Temp agencies — small firms that hire temporary workers to work for big companies — have been at the center of this controversy since they justify hiring and firing of employees based on the needs and demands of their big clients.

This leaves an army of “temp” workers with no security of tenure and benefits despite having been in the five-months term contract loop for years. They largely remain basic-wage workers without health insurance, medical benefits, and a retirement package. (While there are many of these manpower recruitment agencies that need to be curbed, many big companies are directly guilty of the “endo” practice, including a major fastfood company that was recently forced to regularize 7,000 of its workforce.)

## Abusive contracting

“Endo” is differentiated from legal contracting, the latter being an employment contract for services covered by a specific need or period. Examples for this include menial jobs like providing additional security only on “peak” months, or professional services like an engineering consultancy.

What labor groups are up in arms against are labor workers hired to do the same work, but are deprived of the benefits of permanent employees. Many department stores are known to hire ground sales personnel on an “endo” basis through the help of manpower agencies.

Last year, the first volley of the Duterte administration against “endo” was the increase in capitalization of service contractors to P5 million from P3 million, and the registration fee hike to P100,000 from P25,000.

While this did not exactly discourage the practice of “endo,” tighter monitoring of the agencies resulted in the companies being forced to absorb staff on a regular basis, thus putting a stop to the circumvention of labor-only contracting, which is definitely against the law.

With manpower companies taking on more regular employees, however, the cost of their contracts to big companies significantly rise. In the end, it is expected that manpower agencies will have lower income as their clients find ways of keeping their manpower costs low, especially if the government pursues without respite its inspections against abusive contracting.

Not the end

The second volley is yet to come. As labor officials continued to explore ways to end abusive contracting, the biggest stumbling block continues to be limitations imposed by the current Labor Code, which was signed into law in 1974, and the successive directives by the Department of Labor and Employment (DOLE).

Thus, while those affected by “endo” may feel miffed by the lame EO 51, Duterte is pinning his sights on amending the Labor Code, which clearly needs to reflect current changes in labor-management relationships.

This does not mean, though, that the Philippine labor environment will return to the days when unions or organized workers were feared for their disruptive influences on business operations and the economy in general.

As a maturing democracy in a fast developing country, the Filipino worker needs to prove that the wage he/she receives from the employer is commensurate to his/her contribution to the company, and is competitive to other similar services globally.

Changing labor-management environment

Half a century ago, Filipino labor was more mired in nationalist-inspired worker rights. This can be seen in many of today’s big labor groups, which had their beginnings in ideologies that started in countries like Russia and China.

Less and less, labor unions have weakened as the significance of the manufacturing sector on the Philippine economy has dwindled, and more laborers are found in the service sector, where the continuing trend has been for casual or contract employees.

Labor unions are also becoming more cooperative with their managements as greater transparency between the two forces in the work environment is achieved. Directions in human relations by managements are now geared towards providing worker benefits before they become issues in Collective Bargaining Agreement discussions.

Globalization has had other influences on labor-management relationships. As more Filipinos find work opportunities abroad, there is more self-confidence in a person’s dig-

nity at work.

Abusive contracting may become a thing of the past, although it may not happen within the year – or even during the term of the President, which his critics would immediately pounce as a clear non-fulfillment of an election promise.

We have a President who knows when he can ride roughshod, and when he has to take baby steps.

Meanwhile, it would be worthwhile if the President will totally eradicate “endo” in his own turf: according to government statistics, one out of three government workers are now under contract terms, without security of tenure and basic benefits.

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