

ADVISORY NO. RB1-01

**"ADVISORY ON THE IMPLEMENTATION OF
PRODUCTIVITY-BASED INCENTIVE SCHEME
FOR THE HOTEL, RESORT AND RESTAURANT
INDUSTRY IN REGION I"**

WHEREAS, the Regional Tripartite Wages and Productivity Board-1, upon issuance of Wage Order No. RB1-16 and consistent with the provisions of W.O. RB1-15 on the matter, adopted the Two-Tiered Wage System that pertains to a pay system consisting of First Tier (mandatory minimum wage) and Second Tier (voluntary performance incentive pay based on productivity improvement and gainsharing);

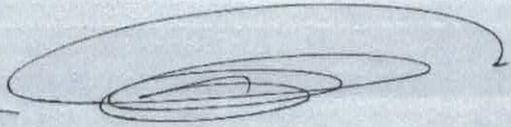
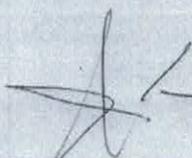
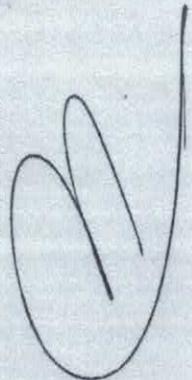
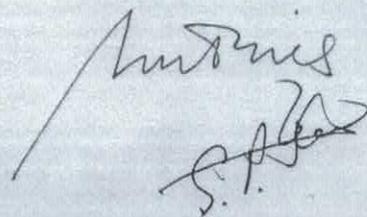
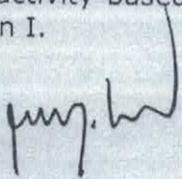
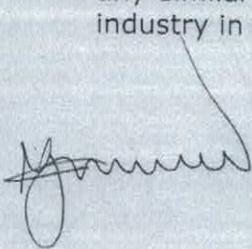
WHEREAS, the leading industries contributing to the regional economic growth are the Wholesale/Retail Industry, the Accommodation and Food Service Activities in general, of which the Hotels, Resorts and Restaurants establishments belong to and the Manufacturing Industry establishments;

WHEREAS, upon harmonizing W.O. RB1-16 and NWPC Guidelines No. 2, Series of 2012, this Board unanimously issued this Advisory identifying the Hotels, Resorts and Restaurants Industry showing consistent and highest potential growth based on the Department of Tourism's Medium Term forecast;

WHEREAS, this Board spearheaded the conduct of a regionwide survey designed to collate productivity and gainsharing practices of Hotels, Resorts and Restaurants and reviewed and analyzed available data from the Department of Tourism and National Economic and Development Authority;

WHEREAS, the Board, in coordination with the Department of Labor and Employment (DOLE) Regional Office No. 1, conducted consultations with the concerned Industrial Tripartite Councils for hotels, resorts and restaurants in Rosales, Pangasinan and in Ilocos Norte as well as regional consultation on May 28, 2014 held at San Fernando City, La Union;

NOW THEREFORE, by virtue of the authority vested under Republic Act No. 6727, otherwise known as the Wage Rationalization Act, and NWPC Guidelines No.02, Series of 2012, the RTWPB-I hereby issues this **ADVISORY** for the guidance of employers who may implement Tier Two or any similar productivity-based incentive for the hotel, resort and restaurant industry in Region I.



SECTION I. PRODUCTIVITY-BASED INCENTIVE SCHEME

1. Productivity-Based Incentive Benefits:

1.1 Source of the Productivity-based Incentive

The incentives to be granted as mutually agreed upon by labor and management may be based on:

- 1.1.1 Business Performance as a whole leading to increased sales/revenue, increase in profit and/or profitability or a combination of both sales and profits.
- 1.1.2 Efficient Resource Utilization such as, but not limited to decreased electric consumption, gasoline expense, water consumption, efficient raw materials recovery and other forms of cost-saving measures.
- 1.1.3 A combination of both business performance and efficient resource utilization.

The workers and employers concerned shall develop their respective assessment indicators in measuring each individual productivity performance.

To implement this productivity-based incentive program, employers are encouraged to organize Productivity Incentive Committees (PICs) and/or Labor-Management Committees (LMCs).

1.2 Rate of Productivity-based Incentive:

Consistent with industry practice, this Advisory recommends to concerned establishments to provide 2.6% - 5% of sources mentioned above.

1.3 Percentage of Gainsharing:

The Board recommends a 25% - 100% gainsharing from the productivity performance share of workers.

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1.4 Manner and Frequency of Payment:

The Board recommends that any amount derived as Productivity-based Incentive using the aforementioned percentages be paid and reflected in the payroll of the workers. Whenever practicable, the incentive may be paid daily, monthly, quarterly, semi-annually or annually.

SECTION 2. BENEFITS FOR THE CONCERNED ESTABLISHMENTS

Hotels, resorts and restaurants which may implement this Advisory may avail of the following:

1. Productivity Trainings and Work Improvement Measurement Studies consistent with the Voluntary Code of Good Practices for the Hotels, Resorts and Restaurants;
2. Certificates of Compliance and/or Awards of Recognition for Productivity Excellence to be issued by the Board and Certificates of Recognition/Awards granted under the Incentivising Program of the Department of Labor and Employment (DOLE-I) provided said prospective nominee satisfactorily complied with the documentary requirements of the program;
3. Candidates as nominees to the regional qualifying round for the 2015 National Productivity Olympics as assessed by the Board.

SECTION 3. MONITORING AND ASSESSMENT

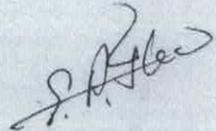
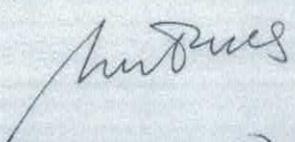
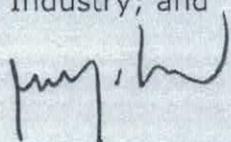
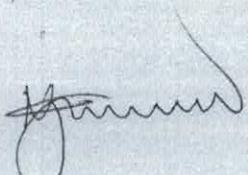
Compliance to this Advisory will be monitored and assessed by the Board which shall formulate the requisite monitoring and evaluation mechanisms to be submitted by the establishments on a quarterly and yearly basis.

Overall assessment of this Advisory shall be spearheaded by the Board and the concerned ITC members, one year from its effectivity.

SECTION 4. ANNEXES

The following appendages are hereof attached to form part of this Advisory:

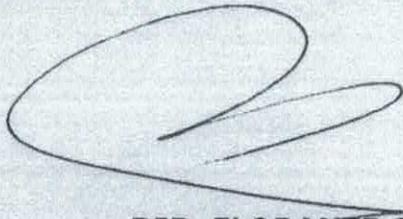
1. Definition of Terms;
2. Regional Economic Performance;
3. Priority and Growth Industry; and
4. Technical Support.



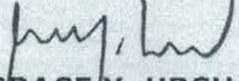
SECTION 5. EFFECTIVITY

This Advisory shall take effect fifteen (15) days from its publication in a newspaper of general circulation.

Approved this 25th day of June 2014 at the City of San Fernando, La Union.



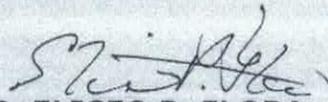
DIR. FLORANTE O. LEAL
Vice-Chairperson



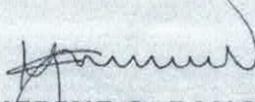
DIR. GRACE Y. URSUA
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MR. SALVADOR R. POSERIO
Board Member