

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Regional Board No. VIII
Tacloban City

ADVISORY NO. RB VIII-01

**ADVISORY ON THE IMPLEMENTATION OF PRODUCTIVITY-BASED INCENTIVE SCHEMES FOR
THE HOTEL AND RESTAURANT INDUSTRY IN EASTERN VISAYAS**

WHEREAS, the National Wages and Productivity Commission, pursuant to Republic Act 6727 issued NWPC Guidelines No. 2, series of 2012 on the Implementation of the Two-Tiered Wages System (TTWS);

WHEREAS, the TTWS refers to the pay system that consists of the First-tier which is the minimum wage mandated under Wage Order No. RB VIII-18 and subsequent wage orders that may be issued by this Regional Board and the Second-tier which is the voluntary productivity-based pay scheme and agreements between the workers and management;

WHEREAS, this Regional Board issues this Advisory for the Voluntary Productivity-based Pay Scheme to guide enterprises on a range of productivity-based incentives for enterprises in Eastern Visayas;

WHEREAS, this Regional Board in issuing this Advisory, has taken into consideration the current wage structure in Eastern Visayas and the thrust to achieve higher levels of productivity to preserve and generate jobs, and to augment the income of workers by way of productivity improvement and gainsharing programs as well the recovery of industries in the region from the damage wrought by Typhoon Yolanda that hit the region in November 2013;

WHEREAS, this Regional Board conducted regional consultations on the TTWS with the hotel and restaurant industry stakeholders on January 27, 2015 and February 24, 2015, respectively;

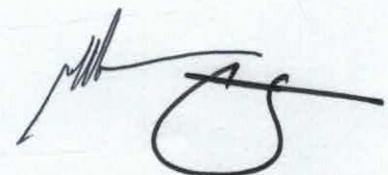
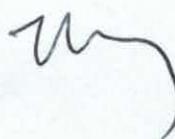
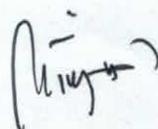
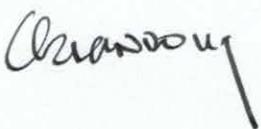
WHEREAS, the Hotel and Restaurant Industry is classified in the 2009 Philippine Standard Industrial Classification (PSIC) as the Accommodation and Food Services sector,

WHEREAS, this Regional Board has resolved to issue this Advisory for the Hotel and Restaurant Industry in implementing the TTWS in Eastern Visayas as the industry that has risen significantly after the onslaught of Typhoon Yolanda in Eastern Visayas;

NOW, THEREFORE, by virtue of the power and authority vested with the Regional Tripartite Wages and Productivity Board-Region VIII (RTWPB-VIII) under Republic Act No. 6727, otherwise known as the Wage Rationalization Act, this Regional Board hereby issues this Advisory based on the following:

I. Regional Economic Performance

Eastern Visayas economy contracted by 6.4% in 2012 which was largely attributed to the negative growth in Industry of 18.5% of that year. However, the GVA for the Services grew by 7.5% in 2012. This showed an increasing growth rate for this sector which in 2011 grew by 4.5%, 3.2% in 2010 and even managed to expand in 2013 by 4.5%.



Gross Regional Domestic Product by Industrial Origin: 2012-13 (at constant 2000 prices)

Industry	Growth Rate	
	2012	2013
I. AGRICULTURE/HUNTING, FORESTRY & FISHING	-3.0	-6.6
a. Agriculture and Forestry	-2.0	-4.5
b. Fishing	-6.3	-13.3
II. INDUSTRY SECTOR	-18.6	14.1
a. Mining and Quarrying	26.5	-22.8
b. Manufacturing	-40.5	33.5
c. Construction	31.8	9.2
d. Electricity, Gas and Water Supply	7.7	-6.5
III. SERVICE SECTOR	7.5	4.5
a. Transport, Storage & Communication	8.0	7.6
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	10.2	6.2
c. Financial Institution	13.5	14.6
d. Real Estate, Renting & Business Activities	8.1	-18.4
e. Public Administration & Defense, Compulsory Social Security	5.2	9.0
f. Other Services	4.2	10.3
GROSS REGIONAL DOMESTIC PRODUCT	-6.4	5.7

Source: 2012 and 2013 Regional Development Report, National Economic Development Authority – Region 8

II. The Tourism Industry

This Advisory is being issued for workers and enterprises in the Tourism Industry particularly the Hotels and Restaurants Industry in Eastern Visayas being one of its key employment generators. This Industry has shown strong growth rates and continuously remains to be robust despite of the damage to the region caused by Typhoon Yolanda.

The overall increase in tourist arrivals in the region generated higher tourist receipts for 2013. The Php2.8 billion tourist receipts was 34.5% higher than 2012.

Tourist arrivals accommodated in various accommodation establishments have significantly increased showing marked increases. In the fourth quarter of 2014 inbound visitors totaled 121,325 which is 11% higher than the total inbound tourists for the same quarter of 2013.

Domestic tourists which comprised 95% of the total tourist arrivals increased by 8.6% compared to the third quarter of 2013.

The continuing influx of foreign humanitarian groups involved in the rehabilitation efforts in the region significantly increased by 89% in the fourth quarter of 2014. For the same period tourist receipts grew by 8.3% compared to that of 2013.

Tourist Arrivals and Receipts, Eastern Visayas: 2012 vs 2013

Indicator	2012 Accomplishment	2013		% Change	
		RDP Target	Accomplishment	Against Previous Year	Against RDP Target
Tourist Arrivals	490,472	539,519	709,497	44.7	31.5
Biliran	3,799		6,382	71.1	
Leyte	332,887		438,141	31.6	
Southern Leyte	60,069		83,876	39.6	
Samar	32,167		118,053	267.0	
Eastern Samar	12,246		8,831	(27.9)	
Northern Samar	49,373		14,212	9.8	

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Tourist Receipts (in PhP million)	2,080		2,799	34.5	
Domestic			2,671		
Foreign			27		

Source: 2013 Regional Development Report, NEDA VIII

III. Outlook for the Tourism Industry

Region VIII remains to be a viable tourist destination. Despite the damage to infrastructure by Super Typhoon Yolanda, the Accommodation and Food Services Industry has shown strong resilience and has grown faster than other industries in the region.

Further growth in the accommodation industry is expected with the repackaging of tourism capabilities in the region especially those which were not affected by Super typhoon Yolanda. These areas include the provinces of Southern Leyte, Northern Samar and parts of Biliran and the province of Samar.

Among the Strategies designed to boost Tourism in Eastern Visayas as enumerated in the Yolanda Reconstruction Plan as approved by the Regional Development Council includes:

1. Development and marketing of new tour packages;
2. Repackage tourism capabilities/offer tours to tourist areas not affected by the Supertyphoon
 - Southern Leyte, Northern Samar, part of Samar and Biliran
 - Forge marketing links with the Tourism Promotions Board, Tourism Congress, and other industry associations
3. Capital build-up
4. Short-term grace period on payment of existing loans and waiver of interest rates
5. Access to loan facilities with low interest rates
6. Consultation with local communities on how to turn the devastation into promising attractions in the region

The future remains to be bright for the industry with the reopening of accommodation facilities destroyed by the Super typhoon and the opening of new ones in the region.

The Papal visit on January 2015 has highlighted Eastern Visayas which not only brought in tourists but has likewise generated new interest and wider publicity to the region.

Voluntourists, (a new term for volunteers from NGOs and International NGOs) continue to work in their respective areas of operation in the typhoon affected areas.

The ongoing rehabilitation and upgrading of the Tacloban airport is projected to increase transport efficiency which will significantly increase visitor arrivals and receipts boosting the region's economy as well.

IV. Recommendations

A productivity based pay scheme is hereby recommended to encourage efficiency and promote greater productivity among stakeholders in the industry. This Regional Board takes into consideration the positive outlook of the key industry players in the tourism industry, the positive growth in the industry's output, employment and wages in the past three years.

Considering the bright prospect for the industry and the ability to adapt to new products and new markets for the industry, the enterprise which has shown increases in productivity levels may start with a 1% increase in productivity- based incentives. This is in line with the principle of gainsharing where companies with better economic performance and productivity gains may give greater percentage increase in incentives.

The Board acknowledges that stakeholders in the accomodation industry may have practices that are unique to their business operation and therefore encourages workers and management in these enterprise to discuss this recommendation, harmonize it with their respective conditions and agree to jointly develop and implement its own productivity incentives program. Anent thereto, companies are encouraged to:

- I. Create or tap existing labor management structures/committees to design and implement a productivity incentives program indicating coverage, performance or standards and targets, productivity program, sharing scheme and frequency of sharing, among others.
- II. Upgrade or adopt new technologies and innovation in their work processes, with management spearheading the productivity drive and workers supporting improvements in work processes.
- III. Share the gains from productivity improvement with their workers.

V. Technical Support

I. The Regional Tripartite Wages and Productivity Board – Region VIII (RTWPB-VIII) shall recommend and facilitate the conduct of capacity building and consulting services, especially to micro, small and medium enterprises in designing quality and productivity improvement programs and gainsharing schemes through:

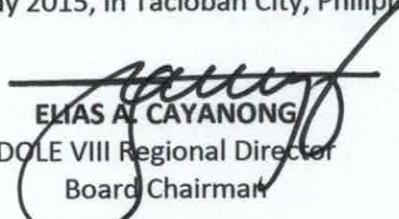
5.1.1. Productivity training programs such as the 5S or Good Housekeeping; Service Quality for Key Employment Generators; ISTIV modules for good agricultural practices; and Green Productivity;

5.1.2. Work Improvement Measurement Studies (Time and Motion Studies)

VI. Monitoring and Assessment

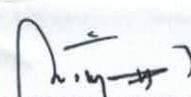
This Regional Board shall develop a monitoring and evaluation mechanism which it will use in the assessment of the implementation of the TTWS as provided for in this Advisory.

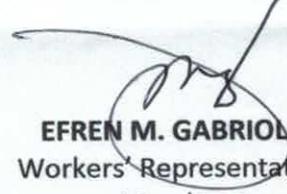
Approved, this 11th day of May 2015, in Tacloban City, Philippines.

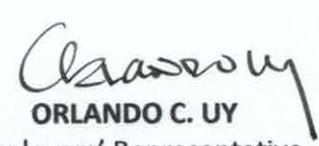

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Workers' Representative
Member


ORLANDO C. UY
Employers' Representative
Member

(Vacant)
Employers' Representative
Member

COVERAGE

This Advisory covers all workers and employers engaged in the Hotel and Restaurant Industry engaged in accommodation and food service activities in the region. Workers referred hereto are the workers in the hotel and restaurant establishments in the region, except those who perform work only occasional or irregular basis and not on occupational basis. Workers are covered by an employment contract. Employers refers to any person who engages and controls the services of the hotel and restaurant worker and is party to the employment contract.

The following is a list of the different items/positions in hotel and restaurant establishments covered by the Advisory:

Hotel Management

- General Manager
- Executive Committee:
 - Executive Housekeeper
 - Food and Beverage Manager
 - Front Office Manager
 - Room Division Manager
 - Chief Engineer Controller
 - Executive Chef
 - Sales and Marketing Manager
 - Personnel Manager
- Other Heads of Departments:
 - Restaurant Manager
 - Banquet Manager
 - Room Service Manager
 - Horticulturist
 - Preventive Maintenance Engineer
 - Security Guest Relation
 - Accountant
 - Cashier
 - Laundry Manager
 - Reservation Manager
 - Stewards
 - Bar Manager

Restaurant Management

- General Manager
- Kitchen Manager
- Assistant Manager
- Accountant
- Line Cook
- Prep Cook
- Wait Staff Servers (for sitdown restaurant)
- Counter/Window Server (for fastfood restaurant)
- Dishwasher

The Hotel and Restaurant Industry

Under the Medium Term Philippine Development Plan (MTPDP), Tourism was identified as one of the economic driver. As an industry, it has the capacity to contribute to the overall development of a country, region, province, city or municipality. It creates employment, provides infrastructure, promote culture and history while it enshrines solidarity and understanding.

The 2014-2016 Eastern Visayas Updated Regional Development Plant (RDP) identified Tourism as one of the three sectors, along with agribusiness and ICT that will spur development growth and generate more quality jobs.

Based on Tourism statistics, the 2012 total tourist arrivals in the region increased from 490,472 to 709,497 in 2013. Of the total tourist arrivals in 2013, 95.5% were domestic tourists while 4.5% were foreign tourists. The region exceeded the target tourist arrivals for the year by 31.5%. The target was set at 539,519.

The overall increase in tourist arrivals in the region generated higher tourist receipts for the year. At PhP2.8 billion, tourist receipts was 34.5% higher than 2012.

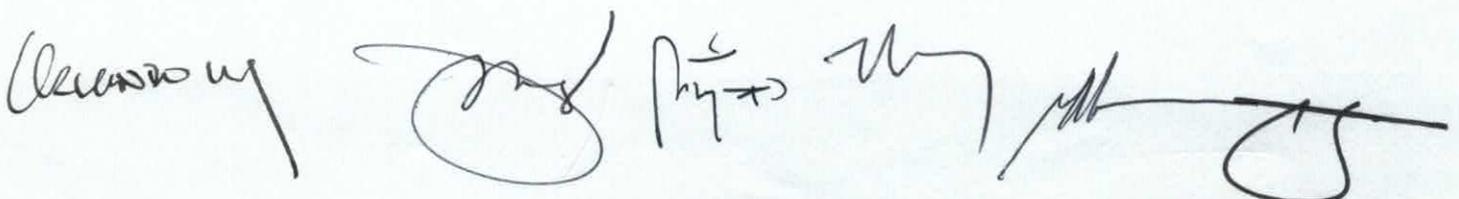
The influx of tourists call for setting-up of more accommodation and restaurant establishments. Along this line, the Department of Tourism (DOT) is providing technical assistance in crafting the tourism plans, product development, manpower development and coordination in ensuring that the needed tourism infrastructures are included and budgeted in the respective plans.

In terms of employment in Eastern Visayas, employed persons in the services sector accounted for nearly half (46%) of the total employment. Agricultural and Industry sectors shared 44% and 10%, respectively.

The national average daily basic pay of wage and salary workers in the accommodation and food services increased from PhP280.86 in 2012 to PhP295.20 in 2013.

After being ravaged by the supertyphoon, the services sector, along with other sectors, is faced with a formidable challenge of building back better and surpassing the significant contribution to the regional economy in the past year.

The intensified implementation of Yolanda rehabilitation and recovery projects will accelerate public and private spending investments. The Livelihood Recovery and Rehabilitation Action Plant prepared by the DTI-Led Livelihood Cluster created by the Office of the Presidential Assistant for Rehabilitation and Recovery (OPARR), will jumpstart the recovery of the sector along with the agriculture sector.



TYPHOON YOLANDA RESULTS FRAMEWORK FOR RECOVERY AND REHABILITATION
For Eastern Visayas (Region VIII)

NATIONAL OVERALL GOAL	Philippine Development Plan (PDP) Objective Poverty reduction and creation of quality employment, with equal development opportunities for women, children and men spatially, sectorally focused strategies						
REGIONAL OVERALL GOAL	Regional Development Plan (RDP) VIII Objective Escalate the growth of the GRDP to higher levels, and generate more employment and increase family income to levels above the poverty threshold.						
RESULT	PERFORMANCE TARGETS AND INDICATORS	BASELINE	SHORT-TERM (2014)	MEDIUM-TERM (2015-2017)	DATA SOURCES AND REPORTING MECHANISM	ASSUMPTIONS AND RISKS	
Outcomes (short-term)	<i>Number of Tourist Arrivals</i>	3.5 million (2010)		6.3 million (end of Plan target)	DOT, PSA (StatDev)		
Sustainable incomes restored or established for households and businesses adversely affected by Yolanda (including self-employed workers, micro, small and medium sized businesses.	Foreign Tourists	28,790 (2012)	47,013	41,257.76 (2016)	Baseline : PSA Targets : Updated EV RDP	Tourist Receipts add	
	Local Tourists	461,682 (2012)	559,982 (2014)	658,686 (2016)			
Physical Infrastructure							
Effective and disaster-resilient public and privately owned Infrastructure facilities achieved	Annual increase in the number of passengers transported by air	1,255,701 (2012)	1,506,841	1,873,277	Baseline: CAAP Targets: EV RDP-RM 2014-2016	Assumption: Projects will be completed as scheduled	
	Tourist destination areas (TDAs) with improved water system increased (in % of total number of identified waterless TDAs)	TBD	100%	100%	DOT	Assumptions: - Covers only 26 TDAs which are identified as waterless areas - Private sector Investments in tourism areas are increased and management if efficient and effective	

Source: National Economic Development Authority, Region 8 (Selected data indicators from the Typhoon Yolanda Results Framework for Recovery and Rehabilitation for Eastern Visayas - Region VIII)