



Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission
REGIONAL WAGES AND PRODUCTIVITY BOARD X
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Management System
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ADVISORY NO.01
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ADVISORY ON PRODUCTIVITY BASED INCENTIVE SCHEME
For the Service Sector

WHEREAS, Republic Act 6727, otherwise known as the Wage Rationalization Act of 1989 promotes productivity improvement and gain-sharing measures to ensure the rights of labor to its just share in the fruits of production.

WHEREAS, the invaluable contribution of the workers in the overall improvement of business performance and competitiveness is recognized, including labor productivity and good behavior, among others;

WHEREAS, National Wages and Productivity Commission Guidelines No. 02, series of 2012 adopts the implementation of the Two-Tiered Wage System as a reform within the current minimum wage system and an approach to minimum wage setting which aims to improve the coverage of minimum wages, promote worker and enterprise productivity and address the negative effects of minimum wage policies;

WHEREAS, the 2015 poverty incidence rate among families in Region X is at 30.3% and there is a need to augment the income of workers through Productivity Based Incentive Scheme;

WHEREAS, RTWPB-X had conducted a series of study and consultative fora on September 8-9, 2016, October 6, 20, and 21, 2016 in the cities of Malaybalay, Gingoog, Cagayan de Oro, Ozamiz, and Iligan, respectively, on the business performance of the service sector operating in the region especially on their contributions to the region's economic growth, profitability, improvement in labor productivity and increase in employment;

WHEREAS, worker's contribution in the overall economic growth in the region is recognized and their efforts to attain a more productive business operation is promoted, consistent with the government's policy of achieving higher level of productivity;

NOW THEREFORE, by virtue of the authority vested by Republic Act 6727, the Regional Tripartite Wages and Productivity Board of Region X hereby issues this Advisory for the guidance of enterprises which will implement Tier Two or any similar Productivity Based Incentive Scheme.

Section 1. Coverage

This advisory applies to Service Sector in Region X which includes Transportation, Storage & Communication, Wholesale and Retail Trade, Repair, Financial Intermediation, Real Estate, Renting and Business Activities, Accommodation and Food Services, and Other Services.

Section 2. Incentive schemes and employers' capacity to pay

The Board encourages workers and management to jointly develop and implement a productivity incentives program. Companies may create or tap existing labor management structures/committees to design and implement a productivity incentives program indicating its objective, coverage, performance criteria, standards and targets, productivity program, sharing scheme, and frequency of sharing, among others. Further, the amount of the incentives to be given

must be within the employers' capacity to pay. Examples of Incentivizing Schemes are attached in Annex A.

Finally, workers and management are encouraged to upgrade or adopt new technologies and innovation in their work processes, with management spearheading the productivity drive and workers supporting improvements in work processes.

Section 4. Technical Support

The Board will provide capacity building and consulting services, especially to micro, small and medium enterprises in designing quality and productivity improvement programs and gainsharing schemes. As such, management and workers may avail the technical assistance provided by the Board on how to use the sample incentives schemes.

The Board also offers technical assistance on various productivity trainings programs such as 5S of Good Housekeeping, Industrious, Systematic, Time Conscious, Innovative, and Strong Value for Work (ISTIV) Modules, Service Quality, Lean Management, Productivity and Innovation Module, Green Productivity, and Work Improvement Measurement such as Time and Motion Study.

Section 4. Advocacy, Monitoring and Assessment

The Board shall conduct information and awareness campaign on this Advisory and monitor and assess its implementation.

This Advisory is issued this November 29, 2017 in Cagayan de Oro City, Philippines.


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