

# **Job Satisfaction of SME Workers in Select Cities of Mindanao\***

Ma. Catalina M. TOLENTINO\*\*

## **Introduction**

How do workers in Mindanao perceive their employment conditions? Can workers depend on Small and Medium Enterprises (SME) for long-term employment? In this study, Mindanao was chosen as the site of a survey because the island has been identified as part of the East ASEAN Growth Area. A development strategy has been designed to reduce poverty incidence and improve peace and order in Mindanao.

A survey on the job satisfaction of SME employees in four major cities—Davao, Cagayan de Oro, Valencia and Iligan—was done and their results indicate that social conditions in Mindanao contribute to the positive attitude of workers towards their jobs, which in turn explain their satisfaction with co-workers and customers, and to a lesser extent, with their supervisors. The environmental condition in Mindanao appears to be a factor in

---

\* The survey data in this paper were extracted from the broader research project "Globalization and Changes in Employment and Working Conditions: The Philippines" funded by the International Labor Organization, and had Dean Jorge V. Sibal as Project Director, Dr. Maragtas S.V. Amante as Project Leader and Prof. Ma. Catalina Tolentino as Researcher. The full report was presented in Yeouido, Seoul, Korea on February 22-23, 2007.

\*\* Senior Lecturer and University Researcher II, UP SOLAIR; and Ph.D student at the College of Mass Communication, UP Diliman.

positive attitude, as shown by the high ratings given to environment, health, safety in the workplace, food and nutrition. Measurement of job satisfaction was adapted from Warr's Job Content model.

### **Workers in Small and Medium Enterprises in the Philippines**

There are varying estimates on the number of SMEs in the Philippines and diverse parameters in categorizing them; but all of them point to their rapidly growing numbers, which results to fierce competition among one another.

The Department of Trade and Industry (DTI) Bureau of Small and Medium Enterprises Development in a paper published in 2004 estimated that SMEs represent 99.6% of all businesses registered in the country and employed 69.9% of the total labor force. They account for 32% of the country's gross domestic product (Leano, 2004).

Based on NSO figures for 2001, micro, small and medium businesses comprised 99.7% of the total number of business establishments in the Philippines. Micro enterprises account for 91.7% of the establishments. According the DTI report, "The small, medium and large enterprises have smaller contributions in terms of the number of establishments but reflect relatively the same magnitude in employment, and have a greater impact in terms of sales and value added."

The National Statistical Coordination Board (NSCB) defines an SME as that which has less than ten workers. In the 1995 report published in the Philippine Statistical Yearbook, the 86,484 registered small and medium establishments employed 313,019 workers about half of whom were unpaid. Paid employees numbered only 172,881. Hundreds of thousands of SMEs are actually unregistered single person or family-run micro enterprises.

### **Informality of Work in Micro and Small Enterprises**

The micro and small enterprises are considered part of the Informal Sector because they have low capital investments. As such, they may not be able to afford some form of medium technology and not be able to comply with legal documentations. In the cluster of micro-enterprises are the carinderia or small food shop

operators, maintenance/repair shop operators, and retailers-vendors. The overwhelming majority in this cluster are operators of *sari-sari* stores or micro retail stores. This type of business activity often remains small in assets and operation.

Many workers in the micro enterprises live in transitory and substandard conditions. They work longer hours than their counterparts in the formal sector. Most are paid on a fixed salary basis; others by piece rate, with which they do not receive other benefits.

In a 2003 national survey conducted by the Employers Confederation of the Philippines (ECOP), it was found that workers who enjoyed better working conditions and received benefits (e.g. health insurance) are in the category of small and medium enterprises with 10 to 199 employees. The reason is that providing benefits is only an "option" to SMEs. The practice of giving benefits is a prerogative of the owner because granting benefits entails additional expense. Providing a written employment contract is considered a "benefit" awarded by 37.4 % of the 1,000 respondents surveyed by the ECOP. Salary increase is also considered a "benefit" awarded by 77% of the respondents.

### **Women and young workers in micro enterprises**

Most employees in micro enterprises are women and young workers. Even in the ECOP survey, female entrepreneurs outnumber males in the micro category. But in the small and medium enterprise categories, there were more males than female business operators. The National Statistics Office, based on their 1997 figures, affirmed that 44% of workingwomen were engaged in micro and small-scale entrepreneurial ventures. These women, according to the Ibon Databank 1997 data, operated their business usually without hired help. They spent more than eight hours a day at work divided between the home and the business. Workers who received salaries were often paid less than the daily minimum rate although the working hours were longer. In family-operated businesses, many women do not even receive salaries.

Studies suggest that a higher proportion of women who work do so in the informal settings, and that women are more likely than men to remain in such environment for longer periods of their lives due primarily to the discrimination shown against women in formal labor. Furthermore, it has been observed that work in the

informal economy for women is more suited to their responsibilities in the family (Beattie, 2000).

Findings by Chen, M., Sebstad, J., and O'Connell, L. (as cited in Sabates-Wheeler & Kabeer, 2003) provide plentiful evidence suggesting that home-based economic activity is an important source of employment for women. This phenomenon points to the duality of their labor—women rendering services both in the workplace and at home, sometimes simultaneously. Sabates-Wheeler and Kabeer (2003) refers to labor at home as “unpaid caring work.” This clearly points to the fact that labor in the workplace, as well as that rendered for the family, have dual economic values. Labor in the workplace is an income-generating activity. Labor for the family or caregiving—looking after children, tutoring children, cooking for family members, and the like—has economic value. This is because caring for the family, if efficiently done, may result to having productive citizens who themselves can, at the appropriate time, generate income.

### **The SME Employees in Mindanao**

Mindanao is the easternmost island in the Philippines. It is a strategic target for growth in the southern part of the country. Many parts of the island are considered “Muslim areas,” ethnically diverse, and lagging behind in economic development. Reports about violence erupting between tribes, mining, ranching and logging groups were frequent in the past decades. These factors largely account for the conflicts taking place in the area. Historically, the national government was confronted with issues about autonomy and secession by Muslim separatists groups, which led to the creation of the Autonomous Region for Muslim Mindanao (ARMM). In recent years, however, the national government had been making efforts towards local development and even created the Mindanao Economic Development Council. The promotion of SMEs as vehicles of employment generation extends to this part of the Philippines. Thus, we are seeing the proliferation of small business enterprises catering to local residents and tourists, along with the establishment of bigger enterprises, private industries, and the setting up of regional government offices.

A survey was conducted on July 14-24, 2006 in four areas in Mindanao. Convenience and quota sampling methods were utilized in choosing the respondents. The respondents were employees

of SMEs renting spaces or shops in the malls and large department stores (i.e. Gaisano, Limketkai, Shoe Mart, etc. ) located in the four major cities: Davao, Cagayan de Oro, Iligan and Valencia. In Iligan, small shop employees were surveyed instead because there was no mall other than Gaisano and the latter did not allow survey activities.

Below are brief descriptions of the areas chosen for this study:

- **Davao City**, geographically part of Davao del Sur, is the “de facto capital” of Mindanao. It is the largest city in the Philippines in terms of land area, occupying more than 2,400 square kilometers. According to the 2000 census, it has a mixed population of 1,147,116 Christians and Muslims. In recent years, this urban metropolis has emerged as the business, investment and tourism hub of southern Philippines. Many companies in Metro Manila are now setting up factories in the area. It has gradually eclipsed its image as a hotbed of insurgents during the 70s and the 80s.
- **Cagayan de Oro City (CDO)** is the capital of the province of Misamis Oriental and the regional center for Northern Mindanao. According to the 2000 census, it has an estimated population of 461,877 people. CDO has a land area of 488 sq. kilometers. Since 2000, the number of malls, department stores, and supermarkets has increased quite significantly.
- **Iligan City**, with a population of 325,000, is located in Lanao del Norte and is considered the center of Islam in the south. As an industrial city with a land area of 81, 337 hectares, it is host to a number of hydroelectric plants. Trading and general services are the predominant business activities. But food processing, manufacturing and various production activities prove to be major income-generating enterprises.
- **Valencia City**, with a land area of 62,163 hectares, is a 4<sup>th</sup> class city in Bukidnon—the province more popularly known for its Del Monte pineapple plantations. According to the 2000 census, it has a population of 147,924 people in 28,425 households. In Valencia, business establishments include banks, lending agencies,

pharmacies, appliance centers, jewelry and pawnshops, and a shopping mall.

### **Job satisfaction among SME workers**

The Mindanao survey was intended as a descriptive research not only to obtain a profile of the respondents but more importantly to measure their job satisfaction. Job satisfaction may be defined as an "employee's general attitude toward the job" (Byars & Rue, 1997, p. 316) with a "strong emotional component" attached to the work (Statt, 1994, p. 320). Other components include the employee's state of mind about the work itself and life in general.

An employee's attitude toward the job may be positive or negative. Health, age, level of aspiration, social status and political and social activities can all influence job satisfaction (Byars & Rue, 1997).

The Job Content Model by Peter Warr identified nine factors to evaluate job satisfaction. These include: opportunity for control, opportunity for skill use, goal and task demands, variety, environmental clarity, availability of money, physical security, opportunity for interpersonal contact and valued social position. Warr thinks that these factors are "psychological vitamins" for healthy job satisfaction (Statt, 1994, pp. 319-320).

There are many theories that try to explain the causes and sources of job satisfaction. One is Herzberg's two-factor theory which explains that people have two sets of needs: the hygiene needs (i.e., satisfied by regular care and maintenance in an organization such as pay, working conditions, job security and relations with colleagues and supervisors). "If these needs are not met, then people will be dissatisfied with their jobs. But however well these hygiene needs are met, they do not by themselves produce job satisfaction. For this to happen, motivators are required and these are intrinsic to the work itself. Achievement, independence, recognition, responsibility, challenge, etc. are examples of motivators. Thus, in Herzberg's thought, the sources of job satisfaction are quite separate from the sources of job dissatisfaction and reducing dissatisfaction does not lead to increased satisfaction" (Statt, 1994, p. 318).

In the 2006 Mindanao survey, a profile of SME employees was obtained (i.e., age, sex, educational attainment, etc.). Job

satisfaction of the respondents was measured according to levels (i.e., from most dissatisfied, dissatisfied, couldn't say, satisfied, most satisfied) with regards to the following indicators or aspects: (1) interaction with customers, (2) interaction with co-employees, (3) interaction with supervisors/managers, (4) pay, (5) work hours and work shift, (6) work load, (7) work environment, (8) break time and time for rest, (9) health and safety at work, and (10) food and nutrition at work.

### Profile of respondents

A total of 60 respondents from the four cities were surveyed. Most of the respondents were females (45, or 75%). Meanwhile, 15 or 25% were males. Many respondents were young—the mean age just 26 years old—and 20 % belonged to the age bracket 18-20. Most of them were sales clerks although their educational attainment showed that they were overqualified for the job having finished some college ( 41.7%) and completed college (31.7%). Those who finished high school comprised 20%, while those who took vocational-technical courses made up 6.7%. Most of the respondents were not married (68%). The married ones comprised only 30%. Even among those not married, some had one or two dependents, typically their parents. Please refer to Tables 1-2.

**Table 1. Mindanao respondents by city and age, 2006**

Age bracket	CDO		Davao City		Iligan		Valencia	
	Freq.	Percent	Freq.	Percent	Freq.	Percent	Freq.	Percent
18-20	4	6.7	5	8.3	0	0	3	5
21-25	9	15	11	18.3	2	3.3	0	0
26-30	9	15	5	8.3	2	3.3	2	3.3
31-35	1	1.7	2	3.3	1	1.7	1	1.7
36-40	0	0	0	0	0	0	0	0
41-45	0	0	0	0	1	1.7	0	0
46-50	0	0	0	0	1	1.7	0	0
51-above	1	1.7	0	0	0	0	0	0
<b>Total</b>	<b>24</b>		<b>23</b>		<b>7</b>		<b>6</b>	

Source: Survey results, n=60

**Table 2. Mindanao respondents by city and educational attainment, 2006**

Educational attainment	CDO		Davao City		Iligan		Valencia	
	Freq.	Percent	Freq.	Percent	Freq.	Percent	Freq.	Percent
High school	3	5	6	10	2	3.3	1	1.7
Voc-tech	1	1.7	1	1.7	1	1.7	1	1.7
Some college	9	15	14	23.3	2	3.3	0	0
College	11	18.3	2	3.3	2	3.3	4	6.7
Total	24		23		7		6	

Source: Survey results, n=60

### Conditions of Work

The type of products sold by the enterprises were highly varied: fresh or processed food, cellphones, cosmetics, herbal medicines, garments, footwear, jewelry, accessories, optical items, toys, perfume, computers, candles, bags, appliances, furnitures. Services ranged from restaurateur, spa, printing, portrait sketching, key duplication, pawnshop, small-sized hotel and local bus transportation services. Enterprise owners were mostly local Filipinos, although there were a few Filipino-Chinese and one Indian. Most of the respondents reported that they were recruited directly and did not have employment contracts. At the time of the survey most were found to be new to the job, having been at work for less than 12 months (60% of the respondents). Several respondents had spent only one to four months in their present jobs (please refer to Table 3). This implies the high turnover rate and short-term employment in SMEs.

Hours of work varied: 8 hours (37%), 10 hours (27%), 12 hours (15%). Those who indicated more than eight hours included the break period because they were not allowed to leave their work stations (Table 4). Some of them said there is not even a break time. If they need to buy meals or go to the comfort room, they have to ask neighboring sales clerks to keep watch in their absence. During the survey, it was observed that sales clerks tend to be friendly with one another. As sales clerks, their tasks involve attending to customers, responding to inquiries about the product or service, packing goods and cashiering or listing the money received. They are often alone in the stores because the owners only came occasionally. Many work during Saturdays and



**Table 3. Length of employment of Mindanao respondents, 2006**

No. of months in the job	Freq.	Percent
1-6	19	31.7
7-12	16	26.7
13-18	3	5
19-24	6	10
25-31	7	11.7
32-36	1	1.7
37-42	0	0
43-48	3	5
49-54	0	0
55-60	2	3.3
61-324	7	11.7

Source: Survey results

Sundays, particularly those who are paid on a daily basis since they do not want to miss their daily wage. Asked about the relations between management and employees, 60% answered "good," nobody answered "bad," while only 2% found it "very bad."

With regards to wages and benefits, the average gross monthly income is P4,874. Some indicated their wages as daily pay and a

**Table 4. No. of work hours per day of Mindanao respondents, 2006**

Work hours per day	Frequency	Percentage
4	1	1.7
5	1	1.7
7	2	3.3
8	22	36.7
9	3	5
10	16	26.7
11	5	8.3
12	9	15

Source: Survey results

**Table 5. Gross monthly income of Mindanao respondents, 2006**

Mean	Php4,874
Median	Php4,232
Mode	Php3,000

Source: Survey results

few did not want to reveal their income. One respondent said she is not being paid because she is a relative of the owner.

Most of the respondents received amounts below the minimum wage, which explains the P3,000 mode for the income. Most respondents relied on their daily wage as their only source of income. Those who received above the minimum wage (Php5,000 monthly or above) had been in the establishment quite long enough, two are even in the supervisory level already (Table 5).

Though many received minimum wage, their salary rates varied simply because the minimum wage rates vary per region, per type of industry, and with the size of the establishment. In Northern Mindanao, the daily minimum wage rate is P191 for retail/service with ten or fewer workers (small and micro). In the city of Davao, the minimum wage rate is Php193 for retail/service with ten or fewer workers (Philippine Statistical Yearbook, 2006). According to RA 9178, enterprises with assets of less than P3 million are granted fiscal and non-fiscal incentives and income tax exemption, including exemption from coverage of the minimum wage law.

Asked about the availment of leaves, many did not respond to this question because, apparently, they were not entitled to such benefits.

### **Perceptions about job satisfaction**

Many respondents indicated satisfaction with their jobs in the following aspects: interaction with co-workers (63%), interaction with customers (61.7%), work environment (60%), health and safety (60%) and interaction with supervisors (55%). Fewer

respondents indicated satisfaction in the following aspects: breaktime (48.3%), pay (46.7%), work hours (46.7%) and workload (45%). Refer to Table 6.

**Table 6. Mindanao respondents and their level of satisfaction with aspects of work,\* 2006**

Aspect of work	MD		D		CS		S		MS	
	F	%	F	%	F	%	F	%	F	%
Interaction with supervisors	2	3.3	6	10	9	15	33	55	9	15
Interaction with co-workers	0	0	0	0	13	21.7	38	63	7	11.7
Interaction with customers	1	1.7	1	1.7	11	18.3	37	61.7	9	15
Pay	8	13.3	14	23.3	5	8.3	28	46.7	4	6.7
Work hours	4	6.7	17	28.3	5	8.3	28	46.7	4	6.7
Work load	3	5	11	18.3	13	21.7	27	45	0	0
Work environment	2	3.3	5	8.3	12	20	36	60	2	3.3
Break time	4	6.7	13	21.7	7	11.7	29	48.3	5	8.3
Health and safety	1	1.7	7	11.7	9	15	36	60	6	10

Source: Survey results

Legend: MD-Most dissatisfied

D- Dissatisfied

CS- Couldn't say

S – Satisfied

MS – Most satisfied

F - Frequency

\*Figures do not round up to 100% because a few did not indicate any answer

On other aspects of life, majority of the respondents indicated satisfaction with food and nutrition (56.7%). Fewer respondents checked positive attitude about the following: state of physical fitness (43.3%), religious life (43.3%), social life (41.7%), love life (36.7%), and time for family (35%). Refer to Table 7.

It may be inferred that social conditions in Mindanao contribute to the positive attitude of workers towards their jobs, which explain their satisfaction with co-workers and customers, and to a lesser extent, their supervisors, based on Warr's Job Content model. The environmental condition in Mindanao, the so-called "land of promise," is a factor contributing to the positive attitude. This is shown by data indicating high number of respondents being satisfied with the environment, health, safety, food and

nutrition. The data also point to a less stressful work condition due to the short travel time it takes from home to the workplace. Some only walk from home to work. The cities have large land areas, and hence, unlike in Metro Manila, traffic and congestion are not work stressors. Cost of living is lower as indicated by the low cost of boarding fees. Observations made by this researcher indicate low prices of meals. For example, a sales clerk can have a decent meal consisting of good quality fish and rice for a measly P25 pesos.

**Table 7. Mindanao respondents and their level of satisfaction with aspects of life,\* 2006**

Aspect of life	VD		D		CS		S		HS	
	F	%	F	%	F	%	F	%	F	%
Time for family	4	6.7	16	26.7	6	10	21	35	11	18.3
Social life	4	6.7	14	23.3	9	15	25	41.7	3	5
Life with parents/relatives	5	8.3	7	11.7	5	8.3	26	43.3	14	23.3
Religious life	6	10	6	10	6	10	26	43.3	12	20
Lovelife	5	8.3	9	15	13	21.7	22	36.7	8	13.3
Food and nutrition	6	10	6	10	3	5	34	56.7	10	16.7
Physical fitness	5	8.3	11	18.3	11	18.3	26	43.3	4	6.7
Raising children	2	3.3	6	10	12	20	9	15	7	11.7

Source: Survey results

Legend: VD-Very dissatisfied

D- Dissatisfied

CS- Couldn't say

S – Satisfied

Overall, the survey results validate Statt's observation that when people are asked by survey researchers how satisfied they are with their jobs, the great majority of them do claim to be fairly satisfied or very satisfied. Despite their low income and their being overqualified for the job, the Mindanao survey showed that only a small number tend to express dissatisfaction. Statt's interpretation is that " the psychological contract most workers have with their organizations is quite acceptable to them" and a broad measurement of job satisfaction could not unravel how people feel deeply about their jobs (Statt, 1994, p. 316).

### **Summary and Recommendations**

Survey data indicate that SME workers in the four major cities of Mindanao are satisfied with many aspects of their work and life in general. It can also be inferred from the results that improvements in the economy, peace and order, are probably taking place in Mindanao. However, employees may even become happier with their jobs if the rewards were improved, particularly with respect to wages and benefits as extrinsic rewards, given that an organization's reward system has a significant impact on the level of job satisfaction. The fact that some receive only the minimum wage or less and are not even entitled to a number of benefits shows that work in SMEs borders on "informality."

In addition to the possibility of raising job satisfaction, granting benefits to employees may also contribute to better employee performance. The ECOP survey found that there is strong association between management style, business performance, and giving of benefits to employees. The owner-respondents in the ECOP survey "admitted their inability to provide competitive salaries but lamented their difficulty of finding and keeping skilled and efficient supervisors and machine operators. The survey also showed that employee benefits generate varying degrees of improvement on business performance. Occurrence of better performance is significant in enterprises that provide regular forum with management/owner, salary increases, safer working conditions and productivity incentives." (SERDEF, p. 31)

One implication of the Mindanao survey points to the lack of job security, as indicated by the short-term employment in SMEs. This is related to the absence of social security among SME workers and the apparent need for such protection. Micro enterprise workers, in particular, should be covered by social security benefits to increase their job satisfaction. Ginneken (1999, p.5) underscored the value of social security defined as the "provision of benefits to households and individuals through public or collective arrangements to protect against low or declining living standards arising from a number of basic risks and needs." Social security is not only concerned with cash benefits and medical care but also with benefits in kind and other needs in such areas as basic education, housing, and even food security. Spicker (1993) puts it emphatically when he wrote that social security is a term used for financial assistance that compensates for a lack of resources during a sudden change of circumstances or in difficult times. Hence, all types of workers should be entitled

to medical, death and old age benefits, loan privileges, severance pay and the like.

## References

- Beattie, R. (2000). Social protection for all: But how?. *International Labor Review*, 139(2), pp. 129-149.
- Byars, L. L. & Rue, L. W. (1997). *Human resource management*. Chicago: McGraw Hill.
- Binneken, W. V. (Ed). (1999). *Social security for the excluded majority*. Geneva: ILO.
- Gonzales, E. & Gregorio-Manasan, R. (2002). Social protection in the Philippines. In E. Adam, et al. (Eds.), *Social protection in Southeast Asia and East Asia* (pp. 171-230). Singapore: Friedrich Ebert Stiftung.
- Leano, R. (2007). SMEs in the Philippines. Retrieved March 31, 2007 from <http://www.cacci.org.tw/Journal/>
- Philippine statistical yearbook*. (2000).
- Sabates-Wheeler, R. & Kabeer, N. (2003). *Gender equality and the extension of social protection*. Geneva: ILO.
- Sanchez, M. (2000). *A smart and practical guide for new entrepreneurs*. Manila: Pinoybisnes Resource Center
- Small business practices, issues and concerns*. (2004, June). UP ISSI and Small Enterprises Research and Development Foundation (SERDEF).
- SME development plan 2004-2010*. (n.d.). DTI SMED Council.
- Spicker, Paul. (1993). *Poverty and Social Security*. London: Routledge.
- Statt, D. A. (1994). *Psychology and the world of work*. New York: New York University Press.