

The Informal Sector: Women's Dual Labor and their Social Protection*

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ABSTRACT

This paper begins with a description of the work in the Informal Sector and proceeds with a discussion on the social protection accorded to the women workers. In this discussion, the concept of social protection is narrowed down to social security. There are two national social security systems that the Informal Sector can have access to: the Social Security System and the National Health Insurance Program. Micro-insurance programs are provided by non-government organizations. Still, very limited social security is enjoyed by the women in the Informal Sector who perform dual work -in the workplace and in the home. An argument is raised on the need to increase the coverage and benefits for this particular sector due to their significant contribution to the labor market.

INTRODUCTION

Women in the Informal Sector (WIS) perform dual labor - in the workplace and in the home. Women are likely more than men to remain in informal work for long periods due to the discrimination often practised against women in the formal economy and the fact that work in the informal economy is often more compatible with their role in the home.

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Despite the rising trend of female employment in the Informal Sector, these women face greater difficulty because informal workers have little or no social protection. Their earnings are low and fluctuate more than those of other workers.

The high cost of social security and the failure of government to adequately respond to the needs of the unstable income earners stress the vital role of community-based programs, NGOs and cooperatives in providing social security related services.

The call for an increased social protection for the WIS is an invocation of their rights as stated in provisions of the Philippine Labor Code. Moreover, the expansion of social protection is in compliance with the strategies set by the International Labor Organization to enforce decent work to all, whether formal or informal as a means to address the problem of income inequity.

DESCRIPTION OF WORK IN THE INFORMAL ECONOMY

Studies reveal that WIS work in micro to small-scale activities operating with low-level of technology. These enterprises are usually unregistered. Hence, such operations do not observe labor standards such as the minimum wage and the granting of social security benefits. Other workers are seen in agriculture, domestic settings and industrial homework where work is seasonal and income is unstable.

Micro-enterprise/Small Scale Enterprise Workers

In this cluster are the carinderia (small food shop) operators, dressmakers and retailers-traders. Some do their trading in the sidewalks or streets where they have to protect themselves from resistance by citizens disturbed by their activities and from harassment by authorities. The overwhelming majority in this cluster are operators of sari-sari stores (micro retail stores). This type of business activity often remain small in assets and operation. The entrepreneurs draw their starting capital from personal savings, from family sources or the neighborhood loan sharks.¹

Women engaged in these entrepreneurial ventures operate their business usually without hired help. Those who receive salaries

are often paid less than the daily minimum rate although the working hours are long (i.e., 11-16 hours a day). In family-operated businesses, many women do not receive salaries.

Domestic Workers

A study of domestic workers by Flores-Oebanda et. al. (2001) showed that these workers were the lowest paid, receiving an average of P800/US\$15² a month. Few employers comply with the law requiring domestic helpers to be registered for social security benefits. From their meager savings, they contribute part of their income to their families in the province. Though living with their employers, many buy their own supplies, medicines and sometimes their own food.

The actual number of domestic workers is difficult to count because many employers do not consider these workers as employees. Many domestic helpers are relatives of employers – they are not paid in cash but are given support in the form of schooling and free board.

Industrial Homeworkers

Industrial homeworkers (such as footwear and garment production workers) are those who perform labor at home instead of holding regular jobs in factories. This is a decentralized form of production because there is minimum supervision or regulation of the methods of work. Industrial homeworkers shift from being own-account workers to being subcontractors depending on the continuity and availability of orders from their agents. During slack season, homeworkers sell their produce directly to the market as opposed to the subcontracting arrangement where there is a defined buyer at the onset of production activities. This ambiguity in the employee-employer relations and the seasonality of work has posed an obstacle in counting homeworkers in labor force surveys and in valuing their economic contributions in the national income accounts (Lazo, 1995 p. 165) Their classification depends on the season in which census surveyors chance upon them.

Agriculture Workers

In agriculture, women's labor is given scant recognition because farm work has been associated with the men although related tasks such as weeding, harvesting and grains processing were tasks in which women were involved. In fishing, women do the net-making and preparation, catch preservation and marketing.

SOCIAL PROTECTION FOR THE INFORMAL SECTOR

The concepts of social protection and social security are often interchanged because they are closely related. Social protection has a broader meaning as it refers to the set of policies and mechanisms by which the state protects the welfare and provides support to workers and their dependents against the hazards of disability, sickness, maternity, old age, death and other contingencies resulting in the loss of income or financial burden (Ortiz, 2001).

The right to social protection is stated in several provisions in the Philippine Labor Code for two types of informal work: industrial homework and domestic services (Tolentino et. al, 2001). Industrial homework is a decentralized form of production where there is minimum supervision or regulation of the methods of work because women are given work at home instead of holding regular jobs in factories.

As provided for in Articles 153-155, the Secretary of the DOLE may regulate the employment of industrial homeworkers and field personnel for the protection of both the workers and their employers. The regulations to be issued are aimed at assuring the minimum terms and conditions of employment. Immediate compensation for homeworkers is required upon delivery of the materials. Social Security System (SSS), Medicare and Employees Compensation Commission premiums may be deducted from the homeworkers' salaries and these should be remitted by the employer to the SSS with the employer's share.

The rights of domestic helpers are guarded as well in the Labor Code. Under Articles 141-152, a contract may be entered into between the employer and the house helper but the original contract shall not last for more than two years and may be renewed. A minimum wage is set and the amount depends on

the geographic area of employment. Social Security System benefits will be required for those receiving a minimum salary of P1,000(US\$18) per month. Other benefits househelpers should be granted are opportunities for education, free board, lodging and medical attention. Proper treatment of helpers and just termination of services should be accorded to them.

In June 2003, the Philippine Congress approved on third and final reading House Bill (HB) 5804 or the Magna Carta for Household Helpers.³ The bill sets a new minimum wage and entitles maids to a bonus equivalent to one month basic salary (Cruz, 2003). An added provision is that the contract should be drafted in a dialect or language understandable to both parties. The contract should also include allowable leave, rest days and holidays, rest periods and day-off. HB 5464 proposed the granting of maternity leave benefits to female domestic helpers regardless of their civil status.

SOCIAL SECURITY FOR THE INFORMAL SECTOR

In this paper, the concept of social protection shall be narrowed down to social security. Indon (2000) defined social security as basically employment-related and aims to protect workers and their dependents from the financially disenfranchising effect of contingencies that may lead to work stoppage and income loss (Serrano and Marasigan, 2002). Social security refers to health/medical benefits, pensions, death benefits and loan entitlements.

For those without any form of social security, Filipinos rely on family support, community-based health programs, and use of faith healing in times of sickness. Those who opt to go to a hospital may avail of the services in government institutions like the Philippine General Hospital and the Amang Rodriguez Medical Center. In these hospitals, all patients are entitled to free professional services, room and board, supplies and medicines. In cases when the hospital runs short of supplies and medicines due to the usual problem of budgetary constraints, the patient has to buy them. According to Dr. Enrico Ragaza, Chair of the Department of Surgery at the Amang Rodriguez Medical Center, about 90 % of their patients are indigents. This class of patients form a large part of the Informal Sector.

Table 1 is an illustration of the forms of assistance accorded to people in the low income group in times of sickness, disability, death and related conditions.

Table 1. Social support/services for the low income group

Condition	Social support/service
Sickness	Family support, community-based health programs, use of faith healing, free services in government hospitals
Disability	Family support, community-based health programs
Death	Family and community contributions
Maternity	Use of traditional child delivery practices; family support, free services in government hospitals
Old age and child care	Traditional extended family

Source: Based from Gonzalez, et. al., 1999, with revisions

There are two national social security systems that IS can have access to: the Social Security System and the National Health Insurance Program (NHIP).

Social Security System Coverage

Social Security System (SSS) coverage is compulsory for all workers in the (1) private sector whether permanent or temporary; (2) self-employed persons with a monthly net income of at least P1,000/ US\$18 including workers of the Informal Sector. It is voluntary for a member who has been separated from employment and would like to continue paying her/his contributions.

There are temporary measures by which to help those who were displaced from formal sector employment, including severance pay and emergency loan assistance. However, these could ease the life of the workers and their dependents only for sometime. (Ortiz, 2001 p.8) Many of these displaced workers enter the stream of informal economy and start micro-enterprise operations.

Articles 283-284 of the Philippine Labor Code stipulate that displaced workers are entitled to severance pay in cases of retrenchment, cessation of operations, serious illness and redundancy. The amount depends on the years of service. However, workers in certain sectors with large seasonal or

temporary workers such as construction, catering, tourism are not entitled to severance pay.

The SSS has over 24 million registered members but very few contributors or those who give their shares. The small number of contributors also validates the complaints of certain employees that there are employers who do not remit their employees' contributions to the SSS. Table 2 shows that among all types of contributors, there are more males covered and enjoying benefits under the SSS.

The SSS has no category for Informal Sector workers. It could be assumed that the women in the Informal Sector are those in the self-employed and household worker types of membership. In these categories, we see more females than males.

Table 2. Number of SSS contributors^{1a} by type of membership and sex, 2001

Type of membership	Female	Male	SNI ⁷	Total	% ⁸ Female
Regular ¹	2,139,373	3,343,994	7,726	5,491,093	39%
Self-employed ²	546,672	421,504	791	968,967	56%
Voluntary Members ³	218,193	218,051	620	436,864	50%
OFWs ⁴	52,135	35,436	81	87,652	59%
Non-working spouse ⁵	308	0	0	308	100%
Household workers ⁶	14	2	0	16	88%
Total	2,956,695	4,018,987	9,218	6,984,900	42%

Source: SSS Actuarial Dept

1a Members who remit contributions

1 Workers with employers

2 Include informal sector workers such as vendors, entrepreneurs, agricultural workers, drivers of public vehicles and self-employed professionals such as doctors and lawyers

3 Previously employed and are continuing their contributions

4 Overseas Filipino workers

5 Neither regularly employed nor self-employed, whose spouse is an SSS member

6 Include domestic helpers, family drivers

7 Sex not indicated (SNI)

8 Figures are rounded

National Health Insurance Program

The NHIP coverage, through the Philhealth program, is extended to (1) all persons covered by SSS and their dependents and all retirees and pensioners of SSS and their dependents; (2) all self-employed persons and their dependents; (3) all indigents identified by the Department of Social Welfare and Development (DSWD) and their dependents.

Tables 3 and 4 illustrate the small amount of benefits given, so far, to the IS. Figures in Table 4 correspond with those in Table 3. However, the claims do not refer to individual contributors but to the number of times the contributors made the claim. For example, one contributor may have made 5-10 claims. An examination of the amount of benefits vis-à-vis the number of claims suggest that, if an individual has made 10 claims within the May-December 2002 period, the benefits are indeed miniscule.

Table 3. Philhealth payments given to the Informal Sector by sex, May -December 2002

	Female (000)	Male (000)	SNI ¹ (000)	% Paid to Female	Total (000)
Individually- paying ²	P273,349/ US\$5,062	P139,208/ US\$2,578	P218,907/ US\$4,039	43.30	P631,464/ US\$11,694
Indigent ³	P94, 996/ US\$1,759	P89,692/ US\$1,661	P83,348/ US\$1,544	35.40	P268,036/ US\$4,964
Total payments	P368,345/ US\$6,821	P228,900/ US\$4,239	P302,255/ US\$5,597	40.95	P899,500/ US\$16,657

Table 4. Number of Philhealth claims⁴ made by the Informal Sector, May-December 2002

	Female	Male	SNI	% Female	Total
Individually-paying	44,822	31,684	42,127	37.80	118,633
Indigent	25,097	25,319	22,799	34.30	73,215
Total claims	69,919	57,003	64,926	36.40	191,848

Source: Philhealth, Corporate Planning Dept, Evaluation and Statistics Division

Notes:

- 1 Entries from January-April 2002 and sex not indicated
- 2 Include vendors, entrepreneurs, drivers of public vehicles and self-employed professionals such as doctors, lawyers
- 3 Lowest 25% income group
- 4 The claims do not refer to individual contributors but to the number of times the contributors made the claim.

Medical Care for the Indigents

The NHIP created the Indigent Program (renamed *Medicare Para sa Masa* or the Medical Care for the Indigents) in 1997. The target members are those who belong to the lowest 25% of the population. These target members were identified through a survey conducted by the Social Welfare and Development Office. The premium, subsidized by the Philhealth and Local Government Units (LGUs), is paid per person for an average family size of five members. The beneficiaries are entitled to outpatient and inpatient consultations and a diagnostic package. Table 5 shows that if we are to look at the number of households enrolled in the program, only 16 % has been reached, so far. The program still has a lot of work to do to cover the targeted households of about 3.8 million.

Table 5. Number of indigent households sponsored by the NHIP nationwide as of December 31, 2001

Status	No. of sponsored households	Estimated Number of Beneficiaries (average of five members)
Enrolled Active Members	617,743	2,841,618
For ID Issuance	21,151	97,295
No. of households (year 2000)	15,269,656	
No. of households belonging to lowest 25% (year 2000)	3.8 million	
% households belonging to lowest 25% enrolled in Medicare for Indigents	16 %	

Sources: www.philhealth.com.ph and 2002 Philippine Statistical Yearbook

NON-GOVERNMENT INSTITUTIONS THAT PROVIDE SOCIAL SECURITY

With the high cost of living vis-à-vis the workers' low income, contributing to social security schemes becomes expensive for ordinary citizens. Coupled with the government's failure to sufficiently cover the needs of the low-income group, this stresses the vital role of non-conventional programs such as community-based, or non-formal institutions, NGOs, cooperatives in providing social security related services (Gonzalez, 1999 p. 43).

One institution is the Center for Community Transformation. This is a Christian development organization, engaged in micro-enterprise financing and management consultancy in enterprise development. It also provides health and other social security assistance. The CCT has the following programs (Gonzalez, 1999 p. 46):

1. Community Health Assistance and Maintenance Program (CHAMP). The objective of this program is to be able to provide urban low-income families access to preventive and curative medical services. CCT offers this facility only to the beneficiaries of their micro-lending program in Tondo, Manila. Health assistance provided are regular check-up, community health lectures for preventive health care, free hospital confinement, discounted laboratory fees, and 24-hour

clinical and hospital services. CHAMP is funded from enrollment fees of members.

2. Enrollment with SSS. CCT assists urban micro entrepreneurs in filing for membership with the SSS. Its primary goal is to help women micro entrepreneurs in times of sickness, health, retirement, etc.

For Informal Sector workers who are members of cooperatives, there is the Coop Life Mutual Benefit Services Association or CLIMBS. This is one of the major providers of social security to cooperatives and their members. As of 1999, CLIMBS has 265 primary coops as members with 92,022 individual enrollees nationwide. CLIMBS has the following plans (Gonzalez, 1999 p. 45):

1. Coop employee retirement plan. This plan is provided by the primary coops to their employees for the availment of separation benefits in case they withdraw from the service. This works just like the SSS wherein the employer and the employee share in the contributions, kept in a trust fund, to cover the plan. After one year of paying the contributions, the employee is automatically covered by life insurance of up to P20,000/ US\$373
2. Coop members protection plan. This plan is available to individual members of the coop. It is a life insurance plan with options of up to P20,000/ US\$373
3. Mutual aid systems. This is both a savings and life insurance plan with amount of cover of up to P20,000/ US\$373 available to individual members of the coop. In case the covered member withdraws from membership in the coop, he/she can get 50% of the contribution to the protection fund.
4. Life, accident and burial benefits. In case of death, CLIMBS pays the beneficiaries the amount of cover of up to P100,000/ US\$1,852 and burial benefits of up to P20,000/ US\$373. In case of death due to accident, CLIMBS pays all benefits (burial and life) twice the amount of cover.

NEED FOR AN EXPANDED SOCIAL SECURITY COVERAGE AND BENEFITS TO WIS

There is a need to expand social security coverage and benefits to WIS to address the following:

1. The low number of WIS covered in the government social security schemes as indicated by data on SSS female self-employed and household worker contributors.
2. Low amount of benefits given to the WIS as indicated by the Philhealth paid claims to the female individually-paying and indigent members.
3. Low amount of benefits the WIS may avail of from CCT and CLIMBS.

With the high cost of good quality health maintenance, hospitalization, natal and burial services, available social security benefits given to WIS are insufficient. Add to this is the difficulty of collecting payments from insuring companies such as Philhealth. Insured patients complain of minimal discounts for doctors' fees, exclusion of medical expenses such as medicines and laboratory exams from the list of hospitalization benefits.

What government institutions do not acknowledge is there is a highly increased if not greater participation of women in the IS. The significance of women's participation in the Informal Sector is further borne out by the fact that more women possess higher formal educational qualifications than their male counterpart. This was found out in a 1999 study on gender-differentiated effects of globalization on the Informal Sector (in two areas: Marikina City and Calinan, Davao del Sur) by Leopoldo Dejillas. The study which compared the income levels of informal workers in 1998 and 1999 showed that many women went down in the income ladder compared to men despite the former's higher educational level, especially in the urban areas (Dejillas, 2000 p. 53). This is attributed to the fact that the women were forced to accept work for lesser pay to augment family incomes.

Despite such, women are at a losing end when it comes to social security mainly because of their failure to give regular

contributions. Under contributory schemes, women are at a disadvantage as many of them are low income -earners. While doing informal work, they also spend substantial periods taking care of young children or other family members. This is the nature of women's dual work. For these reasons, the cash benefits which they receive from their social insurance tend to be lower than those of men (Beattie, 2000 p. 139).

The alternative or micro insurance scheme may be the only chance that informal economy workers have to obtain a modicum of social protection. Given the large proportion of women in such jobs, micro-insurance may be viewed as an avenue to greater gender equality even though within such schemes, there is little or no redistribution from men to women. In some cases, their participation in the decision to join a micro-insurance scheme and possibly also in running it, can help empower them and to lay the foundation for greater gender equality in the long-term (Beattie, 2000 p. 142).

It has been observed that funding constraints limit the effectiveness of NGOs and cooperatives. NGOs and coops have been able to reach only a limited number of indigents. One reason is the lack of financial resources that hinder efforts to expand or sustain their social security program. The assistance extended to target clients, are constrained by the amount of pooled resources from members who are mostly poor and limited in number. In programs providing medical loans, for example, other members would have to wait for the funds to be replenished before loans can again be granted.

Furthermore, most NGOs and cooperatives or community-based programs have weak administrative base owing to a small area of operation (Gonzalez, 1999 p. 48). This makes it difficult for them to undertake activities across a wide region or the whole country to make a significant impact.

CONCLUSION

In the area of social security, it is good enough that the term Informal Sector has been introduced. In the SSS, IS is part of the self-employed membership category that covers the vendors, unskilled workers as well as highly-paid professionals such as lawyers, doctors or engineers. At Philhealth, IS includes

individually-paying members and indigents. But as of this time, there is no distinct category for IS that refers to the low-income, seasonal or unpaid workers.

Under contributory schemes of the national social security systems, women are at a greater disadvantage as many of them are lowly paid and have to spend much of their lives taking care of their households. The socially-constructed role of women is that despite their income-earning activities, it is the primary responsibility of women to take care of their households. Hence, their contributions become irregular and the benefits which they receive tend to be lower.

Because the state provides only limited social protection measures to the informal sector, they have to turn to non-conventional programs such as community-based, NGOs or cooperatives to avail of social security related services. Despite the limited reach of alternative or micro insurance schemes, these are avenues that informal economy workers have to obtain added degree of social protection.

To provide greater social protection to the informal sectors, there is a need to reach out to more women IS to increase their awareness about the necessity of social security and their membership to the systems whether in government or non-government sponsored schemes. An intensive information campaign would be an effective means to recruit more membership about the available social security schemes.

NOTES

¹ Women's Microenterprises. www1.winner-tips.org/article/articleview

² All amounts were computed at PhP54 to US\$1 exchange rate

³ The bill also sets a new minimum wage: Metro Manila - not less than P1,500/US\$28 a month; in chartered cities - at least P1,200/US\$22 a month; in municipalities - a minimum of P1,000/US\$18 a month. The regional tripartite wages and productivity boards may determine and adjust from time, the appropriate minimum wage rates.

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