

Pandemic Unemployment Levels in the Micro, Small, and Medium Enterprises: Evidence from the Philippines

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Abstract: - Employment in the Philippines has always faced multiple challenges throughout the years. Moreover, it recently encountered the COVID-19 pandemic, which hit the country's economy in the most unexpected way. Over the last decade Philippine economy has experienced growth, in which were able to provide enough employment to the growing labor force. MSMEs are the imperative reason that the country was able to cater with the expanding labor force. Nonetheless, they are also the most affected with the pandemic. Thus, contributing to the loss of work for many Filipino workers, and reinforcing increase of unemployment in the country. These enterprises who are suffering from financial losses are taking advantage of the pandemic to escape their legal obligations to their employees. The pandemic has brought economic difficulties to many, which leads to that labor issue attempts by companies to circumvent the law by not providing their employees with what they are entitled to.

Key Words: — *Filipino Workers, Labor force, Labor Issues, MSMEs, and Unemployment.*

I. INTRODUCTION

One of the great driving force of the Philippine economy are the Micro, Small, and Medium Enterprises (MSMEs). These enterprises which engaged in the wholesale/retail trade, Manufacturing, Hotels and Restaurants, Real Estate, Other community and social service businesses helps reduce poverty in the country by providing jobs to the growing labor force of the Philippine. Given that MSMEs account for the 99 percent business registered in the Philippines, in which provides 60 percent of employment to Filipinos.

With the current COVID-19 outbreak that the Philippines is facing, it has greatly affected the economy, which is apparent in the tourism, airline, hospitality, and other retail industry's operation downturn. As of the first quarter of 2021, many Filipino workers has lost their jobs as consequence of operation stoppage and business closure. Herewith, approximately at least 28 million Filipino workers who are active participants of the labor force are affected, with almost 2.4 million workers are unemployed within these enterprises. In contrast to the recorded unemployed Filipino workers of January 2020 with a total of 1.3 million. Furthermore, based on the Philippine Statistics Authority, the labor participants who are qualified for work have also decreased due to the effect of the pandemic.

It is apparent that the pandemic has its toll on the increase of unemployed Filipino workers. Moreover, there are existing risks and threats to the Filipino workers such as workforce abuse, superior biases, and digital advancement which subsequently leads to termination of employment to which contributes to the increasing percentage of unemployment in the Philippines.

II. STATEMENT OF THE PROBLEM

COVID-19 pandemic has deemed or has been quoted as the palpable reason of the increase in Filipino unemployment or rather was it already expected to widen in numbers due factors that our labor force failed to prepare for.

The COVID-19 pandemic that the country is facing paved a way to labor malpractice, many workers who have worked for many years in companies have faced with different kinds of separation notices. Based on the Labor Code of the Philippines an employer may terminate an employee for two reasons – just and authorized causes. In definition, just-causes are serious misconduct or willful disobedience; gross and habitual neglect by an employee; fraud or willful breach of trust; engaging in criminal activity or other. As for the authorized-causes, according to Article 283 of the Labor Code, the employer may terminate an employee for the installation of labor-saving devices, redundancy, retrenchment, or the closure or cessation of operations of the establishment or undertaking. Thus, in the course of these trying times companies are taking short-cuts to terminate their employees.

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III. CAUSES OF THE PROBLEM

In hindsight, the MSMEs contributes 35.7 percent value to The Philippine economy, however they were able to provide at least 60 percent jobs to Filipino workers. Nevertheless, lessening the barriers provided to the enterprises will help revitalize the businesses who are suffering, hence ensuing to open opportunities for more Filipinos.

A. Financial Implications Due To Government Health Protocols:

Based on the workplace guidelines released by the government; trimming the capacity of workers reporting, implementing flexible work arrangement, re-arranging workstations in order to practice physical distancing. However, not all enterprises have the resources to implement these guidelines. Re-opening of business during COVID-19 'new normal' brings challenges and additional expenses. Furthermore, companies are to keep their consumer and employees safe for continues patronage. Retail service, food, KIOKS type business are to deal with additional fixtures to allow customer interaction.

Enterprises are expected to follow, and invest on the resources that will allow them to operate during the pandemic under the government guidelines. One of the options that management seek out is to retrench employees who will not be part of the lean and mean workforce needed by the company. Furthermore, some job positions were deemed redundant due to the reduced and duplicate functions.

Preceding the pandemic, workers on these industries are receiving lower wages, subsequent to the repercussions of the pandemic, workers are now suffering of being underemployed, in translation workers are now seeking additional hours for higher monthly compensation, failure of the companies to indulge with the additional hours, workers will often times lead to resignation to have freelancing job for the possibility of higher income.

B. Transportation Constraints:

Public transportation has always been a challenge in the Philippines, preceding the entry of COVID-19 to the country, our public transportation is almost at its full capacity on regular basis. With the current pandemic, some public transport companies are still not allowed to operate. Based on the guidelines of the Department of Transportation (DOTr); Public utility buses (PUB), both traditional and modern Jeepsneys, and UV express remain allowed to carry only 50 percent of its maximum passenger capacity. Likewise, other

transportation modes are still not allowed to fully cater 100 percent of their passenger capacity. With the implemented limitations on the public transportation, most of workers are opting for a WFH basis.

C. Digital Advancements in Technology:

In the market factions of these companies' innovation is always at their doorstep to be competitive on their growing and open entry market. The process of automation in the workplace is promoted due to increase in efficiency and overall product output. COVID-19 is expected to expedite digitalization in order to uphold health and safety measures while keeping economic activities running. Many more Filipino workers are likely to suffer job disruption due to digital advancements. The weakening occupations in hotel industry and food services and in arts, entertainment and recreation industries such as waiters, cooks, kitchen helpers, food service counter attendants and fast food preparers, or jobs at real estate industrials are the likely casualties of work digitalization.

IV. COURSES OF ACTION

The initial response of the government as concerns to economic recovery in order to boost job opportunities in the period of pandemic. They have already implemented Special Emergency powers through Bayanihan to Heal as One Act., and its continuance Bayanihan 2, proposes a 140 billion-peso fund to finance COVID-19 policy responses covering capacity building and enhancement of Health services and implementation of cash-for-work program, it is also indicated in the provision financial assistance for displaced workers.

10B of the bayanihan 2 act budget was allotted for CARES program (COVID-19 Assistance to Restart Enterprises) by SB Corporation. A loan program that is being offered with lighter burden of application for the businesses. This is in order to provide MSMEs with urgent crucial support to prolong their business longevity amid the pandemic. Based on the record of DTI almost 20,000 MSMEs have already applied and been aided by the program. In addition, as banking institution that able to give financing services to Industrial, and agricultural enterprises in the country DBP and Landbank would be able to provide additional support to extend sustainability of the enterprises throughout the pandemic.

Enabling companies to have their employee working remotely has its challenges. The company has a contingency plan to operate, because companies are able to maximize work from

home settings resulting to the possibility that this set-up will be a permanent one in the organization. However, issues of confidentiality and technical problems that may be remedied by IT people who are working on intranet setting will place some job positions to be kept strictly onsite. During these pandemic times employers may impose reduced work days set up on a WFH arrangement to minimize possibility of loss of jobs of employees.

V. CONCLUSION

MSMEs are often tagged as heroes of the Philippine Economy, they were able to provide work to at least 60 percent of the active Filipinos in the worker's category. Despite this, be that as its purpose in the Philippine Economy, MSMEs in the country still need support in making their business processes and operations more efficient and robust. The resonated adversity that the companies are dealing during the pandemic is its Effects to unemployment as consequence of closing of these enterprises. Thus, contributing misfortune for the 28 million Filipino workers who are relying on the jobs provided by the companies, in addition committing to labor malpractice. With the mobility limitation that the government has implemented, companies should be able to create new means to provide services to consumers.

VI. RECOMMENDATIONS

The government should improve policies affecting the companies, opening them to wide options for trade and financing to keep their operations on the new normal and continue their innovative approach for the purpose of Economic growth contribution. MSMEs will need to address policy gaps in non-standard forms of employment, this will provide short to long term measure to ensure that workers and enterprises benefit from productive employment and decent work in the socio-economic restoration process. Furthermore, compliance check of labor protocol should be initiated by the companies.

Companies are leaning to implement new strategies for their business operations to cope with the new normal, it is recommended for enterprises to continue training their workforce to be more adaptable with the current situation. Likewise, for Filipino worker to be significant to any enterprises it is the moment to reskill and learn new trade processes. A combined effort is expected with the current challenge to improve the employment situation of the country.

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