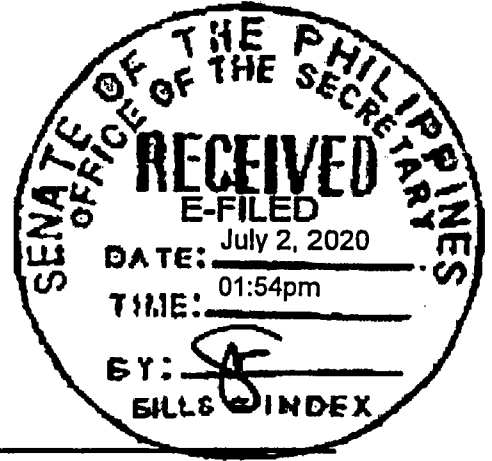


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



SENATE

P.S. Res. No. 462

---

Introduced by **SENATOR LEILA M. DE LIMA**

---

**RESOLUTION**  
**URGING THE SENATE COMMITTEE ON LABOR, EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED CASES OF FLOATING EMPLOYEES IN BUSINESS PROCESS OUTSOURCING (BPO) COMPANIES, WITH THE END VIEW OF REVIEWING EXISTING LABOR LAWS, POLICIES AND PRACTICES AND REFORMING THEM TO BE MORE RESPONSIVE TO THE NEEDS OF WORKERS AMID THE ECONOMIC DOWNTURN BROUGHT ABOUT BY THE COVID-19 PANDEMIC**

1           WHEREAS, Article II, Section 18 of the 1987 Constitution declares that “[t]he  
2 State affirms labor as a primary social economic force. It shall protect the rights of  
3 workers and promote their welfare”;

4           WHEREAS, Article XII, Section 3 of the same also declares, in part, that “[t]he  
5 State shall afford full protection to labor, local and overseas, organized and  
6 unorganized, and promote full employment and equality of employment  
7 opportunities for all”;

8           WHEREAS, on 11 March 2020, the World Health Organization (WHO)  
9 officially declared the COVID-19 virus as a global pandemic;<sup>1</sup>

10           WHEREAS, this prompted governments worldwide to place its societies under  
11 various forms of lockdowns to curb transmission rates and protect its most  
12 vulnerable citizens;

---

<sup>1</sup> World Health Organization. *WHO Director-General's opening remarks at the media briefing on COVID-19 - 11 March 2020*. (11 March 2020). Retrieved June 25, 2020, from <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

1           WHEREAS, large and populous regions of the Philippines, particularly its  
2 metropolitan areas, have been placed under some form of lockdown since 15 March  
3 2020 as the movement of people and goods have been stringently monitored and  
4 restricted as part of the government strategy to address the health crisis;

5           WHEREAS, aside from its devastating impacts on people's health and well-  
6 being, the COVID-19 pandemic also adversely impacts the global economy.  
7 According to the World Bank, the pandemic is set to plunge most countries into  
8 economic recession with forecasts estimating a 5.2 percent contraction in global  
9 gross domestic product (GDP) in 2020;<sup>2</sup>

10           WHEREAS, the Philippines is no exemption as the Philippine Statistics  
11 Authority recorded a 0.2 percent shrinking in the economy for the first quarter of  
12 2020.<sup>3</sup> British bank Hongkong Shanghai Banking Corporation (HSBC), in a recently  
13 published forecast of the Philippine economy predicted a 7.0, 4.3, and 3.9 percent  
14 shrinkage in the economy for the second, third, and fourth quarters of 2020,  
15 respectively, and would amount to a 3.85 percent average contraction in the  
16 Philippine economy for 2020;<sup>4</sup>

17           WHEREAS, the human cost of these negative growth rates is alarming as rates  
18 of unemployment in the Philippines have reached record highs. According to  
19 government data, in April 2020, the Philippine unemployment rate ballooned to 17.7  
20 percent which roughly translates to 7.3 million individuals. Department of Labor and  
21 Employment (DOLE) Secretary Silvestre Bello III added that this figure could rise  
22 further by 4 million by the end of the year;<sup>5</sup>

23           WHEREAS, in a bid to assist displaced workers, from March to May 2020, the  
24 DOLE granted one-time ₱5,000 financial assistance to workers with reduced or no  
25 income due to the pandemic;<sup>6</sup>

---

<sup>2</sup> The World Bank. (8 June 2020). *The Global Economic Outlook During the COVID-19 Pandemic: A Changed World*. Retrieved June 25, 2020, from <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

<sup>3</sup> Rivas, R. (7 May 2020). *Philippine economy shrinks for first time in 22 years*. Retrieved June 25, 2020, from <https://www.rappler.com/business/260156-gross-domestic-product-philippines-q1-2020>

<sup>4</sup> Masigan, A. J. (14 June 2020). *Why the IATF's strategy did more harm than good*. Retrieved June 25, 2020, from <https://www.bworldonline.com/why-the-iatfs-strategy-did-more-harm-than-good/>

<sup>5</sup> Domingo, K. (24 June 2020). *DOLE expects 4 million more workers to lose jobs by end of 2020*. Retrieved June 25, 2020, from <https://news.abs-cbn.com/business/06/24/20/dole-expects-4-million-more-workers-to-lose-jobs-by-end-of-2020>

<sup>6</sup> Merez, A. (10 June 2020). *DOLE eyes payroll subsidies for employers to keep jobs*. Retrieved June 25, 2020 from <https://news.abs-cbn.com/business/06/10/20/dole-payroll-subsidies-employers-jobs>

1 WHEREAS, the DOLE recently announced that they are also eyeing payroll  
2 subsidies to help employers retain their employees amidst the economic crisis  
3 brought upon by the COVID-19 pandemic;<sup>7</sup>

4 WHEREAS, in spite of the series of lockdowns imposed, some essential  
5 services and industries were permitted to operate. One such industry was business  
6 process outsourcing (BPO) companies which remained operational so long as  
7 workforce arrangements were skeletal, physical distancing measures were observed,  
8 and temporary accommodations were available.<sup>8</sup>

9 WHEREAS, BPOs remain as key drivers of economic growth and a pillar of  
10 economic stability for our country as evidenced by a 2015 report by the World Trade  
11 Organization (WTO) which determined that the sector generated \$22 billion in  
12 revenue, equivalent to 7.3 percent of our GDP, and was directly employing 1.2 million  
13 workers;<sup>9</sup>

14 WHEREAS, Luzon-based BPOs would later be urged by the Department of  
15 Information and Communications Technology (DICT) to adopt work-from-home  
16 (WFH) arrangements “as far as practicable”;<sup>10</sup>

17 WHEREAS, a no-work, no-pay policy was instituted which leaves BPO  
18 employees no choice but to report for work and willingly expose themselves to the  
19 risk of potentially contracting the COVID-19 virus should WFH arrangements be  
20 untenable for any reason;<sup>11</sup>

21 WHEREAS, in late May 2020, it was reported that regular employees of some  
22 BPOs were being placed on “floating status” should they come into contact with a  
23 COVID-19 patient which meant having to undergo a 14-day mandatory self-  
24 quarantine period – all without pay despite being regular employees;<sup>12</sup>

---

<sup>7</sup> *Ibid.*

<sup>8</sup> dela Peña, K. (24 March 2020). *Groups urge gov't, companies to prioritize BPO workers' welfare amid pandemic*. Retrieved June 25, 2020, from <https://www.rappler.com/nation/255724-groups-ask-government-companies-prioritize-bpo-workers-welfare>

<sup>9</sup> Rosales, E. F. (28 November 2019). *PHL's BPO a good model for services trade - WTO*. Retrieved June 25, 2020, from <https://businessmirror.com.ph/2019/11/28/phls-bpo-a-good-model-for-services-trade-wto/>

<sup>10</sup> Gonzales, C. (30 March 2020). *DICT: Work from home scheme should be adopted by BPO firms*. Retrieved June 25, 2020, from <https://newsinfo.inquirer.net/1251026/fwd-dict-work-from-home-for-bpo>

<sup>11</sup> Macaraeg, P. (19 May, 2020). *Double whammy: BPO employees get exposed to COVID-19, lose income*. Retrieved June 25, 2020, from <https://www.rappler.com/newsbreak/in-depth/261336-double-whammy-bpo-employees-get-exposed-coronavirus-lose-income>

<sup>12</sup> *Ibid.*

1           WHEREAS, in early June 2020, a follow up report said that some regular  
2 employees of BPO companies being put on “floating status” for up to 90 days as  
3 offshore accounts pulled out their Philippine operations due to the global economic  
4 downturn;<sup>13</sup>

5           WHEREAS, according to labor lawyer Arnold de Vera, there is nothing  
6 formally written about floating status of employees in our country’s labor laws but  
7 the Supreme Court had upheld its validity in prior cases, provided that its  
8 implementation is fair and reasonable. Atty. De Vera also stated that the maximum  
9 allowable period for the application of floating status is six months;<sup>14</sup>

10           WHEREAS, while designating employees to floating status is completely legal,  
11 problems arise when workers are left with no source of income for months at a time.  
12 Despite being regular employees, workers are left with no choice but to accept the  
13 status quo rather than face permanent retrenchment should they seek other  
14 employment opportunities elsewhere;

15           WHEREAS, the designation of floating status to employees is a labor practice  
16 where employers capitalize on legal loopholes in order to protect assets and capital  
17 investments and clear them from any financial obligations they may have to their  
18 employees for extended periods of time;

19           WHEREAS, this practice places employees in a bind as their floating status  
20 effectively places them a perpetual state of limbo and makes them very susceptible to  
21 exploitative labor practices by their employers;

22           WHEREAS, the fairness of existing labor laws and policies, such as the  
23 designation of floating status employees, should be re-examined, particularly during  
24 extraordinary times of crisis such as the one brought by the COVID-19 pandemic;

25           WHEREAS, more equitable labor arrangements should be institutionalized in  
26 order to balance the equation and provide protection to not just capital investments  
27 but, more importantly, the labor power supplied by workers themselves which serve  
28 as the key foundation of our economy. Hence, it is only fair that both the government

---

<sup>13</sup> Macaraeg, P. (17 June 2020). *In limbo: Regular BPO employees on 'floating status' left with no pay*. Retrieved June 25, 2020, from [https://www.rappler.com/business/263949-in-limbo-regular-bpo-employees-floating-status-left-no-pay?utm\\_medium=Social&utm\\_campaign=Echobox&utm\\_source=Facebook&fbclid=IwAR3I8uBNcUIscDXVyT0k1y4MTPWraQylfovKsguQ42Cjustssu8sRZxmU2M#Echobox=1592361082](https://www.rappler.com/business/263949-in-limbo-regular-bpo-employees-floating-status-left-no-pay?utm_medium=Social&utm_campaign=Echobox&utm_source=Facebook&fbclid=IwAR3I8uBNcUIscDXVyT0k1y4MTPWraQylfovKsguQ42Cjustssu8sRZxmU2M#Echobox=1592361082)

<sup>14</sup> *Ibid.*

1 and BPO companies look after the welfare of BPO workers and support them during  
2 this pandemic;

3 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, urging the Senate  
4 Committee on Labor, Employment and Human Resources Development to conduct  
5 an inquiry, in aid of legislation, on the reported cases of floating employees in  
6 Business Process Outsourcing (BPO) companies, with the end view of reviewing  
7 existing labor laws, policies and practices and reforming them to be more responsive  
8 to the needs of workers amid the economic downturn brought about by the COVID-  
9 19 pandemic.

*Adopted,*

  
LEILA M. DE LIMA