

Policy Brief

Digitization and Domestic Work: The Policy Environment in the Philippines

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Directions for the Platform Economy in the Philippines

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1. Context

The study ‘Overworked and Undervalued: Are local digital platforms transforming the narratives of care workers in the Philippines?’ explores the platformization of domestic work and the surrounding ecosystem in the Philippines. The study questions whether the emerging models that result from such platformization transform or preserve long-standing narratives of domestic work.

In recent years, the Philippines has seen a trend of platformization of domestic and care work through small-scale digital platforms that offer on-demand cleaning services. These businesses cater mostly to condominium buildings in business districts all over Metro Manila and comprise mostly women working as third-party or independent contractors. The nascent and informal nature of this system, as well as laws and policies that are still limited to traditional models of domestic work, give rise to new modes of employment and labor relations that do not conform with the existing models recognized in law. As a result, workers in this new sector are often left outside the scope of existing social protection mechanisms.

Our report maps out this new ecosystem, analyzes the impact of digital platforms from the lens of gender and social protection, and offers policy recommendations towards equitable rights and working conditions for domestic workers engaged in platform-mediated work.

Through an exploration of the business model, structure, and operations of on-demand cleaning service platforms in the Philippines, the report attempts to flesh out the varying systems and relationships that operate in the domestic work platform ecosystem. The points of view of the women workers who work through—or whose work is facilitated by—said platforms is surfaced by interviews with them. Interviews with other key actors involved in the ecosystem through a startup incubator, through a domestic workers’ union, and through pertinent government agencies also offer insights into the surrounding environment.

The research found that while the ecosystem of on-demand work has potential, digital domestic work platforms need to be given a well-defined space in the legal framework for them to be more inclusive with respect to vulnerable populations—especially women. This brief offers policy directions that the researchers have identified as necessary for the development of an inclusive platform economy in the Philippines in the sector of on-demand service work.

2. Policy gaps

a) Incompatible labor laws. The digitalization of labor is one of the critical facets of the burgeoning digital economy. The platformization of various sectors and industries -- from retail to agriculture to domestic work -- means that non-traditional modes of employment have also emerged. The “gig economy” is seen as being to be instrumental in allowing for greater flexibility and control of individual and independent workers to have greater flexibility and control over their work. However, some platforms tend to serve an intermediary role between gig workers and their clients, creating which creates a new layer of control that calls into question affects the “independent” character of these supposedly supposed independent contractors. Traditional employment models and classifications do not cover platform workers, who are therefore stuck in a limbo and left to deal with the short end of all classifications.

For example, home cleaners—most of whom are women—are considered third-party or independent service providers by on-demand cleaning platforms and are therefore not entitled to the government-mandated benefits received by regular employees in Philippines. They do not qualify as “domestic workers” either, which is defined under local law as those doing domestic work on a regular or occupational basis—as opposed to occasional gigs done through cleaning platforms. Thus, the burden of filing taxes and even

applying for government benefits falls on the workers, who are mostly unfamiliar with the processes or simply do not have the time to do so. This creates a gap in securing social protection for domestic workers.

The same problem is faced by drivers who are considered partners of ride-hailing or delivery services. As the gig economy grows, labor rules and regulations, starting from the delineations between regular employee and independent contract worker, must keep up. On-demand labor policy is even more complicated in the area of domestic work, where the existing law (*Batas Kasambahay* or Republic Act No. 10361) is already in need of careful review and amendment following years of lackluster implementation.

b) Internet access and literacy: Although the Philippines sees a high degree of social media use, its internet affordability and quality still lags far behind neighboring countries. In the 2014 Web Index report, which measures universal access, freedom and openness, relevant content, and empowerment, the country ranked 41st among the 86 countries studied. While the country performed better in the 2016 Global Information Technology report, it still ranked 77th among 139 countries in terms of networked readiness, which pertains to the ability of an economy to use ICTs to boost its competitiveness and well-being. The poor state of internet access in the Philippines acts as a barrier that restricts the participation of both entrepreneurs and workers, especially women, in the digital economy. According to the Women's Rights Online's Gender Report Card, which explores the causes of the digital gender divide, the Philippines scores 4 out of 10 in terms of internet access and women's empowerment.

c) Intellectual property: The low level of intellectual property practice is a notable factor restricting innovation in the Philippines. Very few people are aware of or willing to engage in the process for filing patents or trademarks, which could be a key to aid technological innovation in the country.

d) Competition: With the Philippine Competition Act having been signed into law only in 2015 and the Philippine Competition Commission being created shortly thereafter, regulation of market competition is still lacking in the Philippines. This is especially significant in the internet and telecommunications sector, which is dominated by two major players: Smart/PLDT and Globe.

e) Policy fragmentation: All of the gaps identified above are exacerbated by the fact that policies in different sectors are not harmonized and government agencies lack coordination in dealing with matters related to the digital economy. For instance, the Departments of Trade and Industry, ICT, and Science and Technology all have programs for startup development, but there is no central office designated for monitoring and regulating the gig-style labor arrangements that are usually associated with startups.

3. Policy recommendations

a) Labor laws must be updated and harmonized with new and evolving models of employment, such as those subsumed under the gig economy label. Independent workers and contractors who use ICTs and digital platforms to engage in labor must be able to enjoy the appropriate benefits vis-a-vis the work that they do. Laws protecting domestic workers must take into account the changing nature of domestic work—especially the rise of technology-enabled on-demand domestic services. In particular:

- The Kasambahay Law (Republic Act No. 10361) must be carefully reviewed, assessed, and amended to recognize domestic workers/cleaners who work in the on-demand platform economy as a new category of workers and define their corresponding rights, privileges, and protections. Implementation of the law must also be assessed and improved to continuously elevate the working conditions of domestic workers. The government must define labor standards for platform work as decent work. Philippine government agencies mandated to promote work on platforms

(e.g., the Department of ICT and the Department of Labor and Employment) must shift focus from job creation to job security and social protection.

- The government and trade unions should enable platform-based domestic workers/cleaners to organize through guaranteed collective bargaining rights.

b) Ease of doing business must be enhanced through the development of startup-friendly policies and improvement of government processes, thereby incentivizing technology and platform-based startups and MSMEs to innovate.

- The Magna Carta for Micro, Small, and Medium Enterprises (MSMEs) should be amended to define rights, protections, and government support so that startup domestic/cleaning platform enterprises can flourish and survive market competition.
- In May 2019, the Innovative Startup Act lapsed into law. The law provides incentives to selected innovative startups, such as registration benefits, grants for research, development, and expansion, exemption from fees and charges levied by government agencies for the use of equipment, facilities, and services, and support for the protection of patents and other proprietary rights. Further, a law aimed at increasing the ease of doing business, which was passed in 2018, intends to allow small businesses to comply with legal requirements more easily. Both of these new laws are promising for the development of platform startups and businesses, but the quality of implementation will be vital and will require the political will of all government agencies involved (among those identified in the laws are the Department of Science and Technology, Department of ICT, Department of Trade and Industry, Board of Investments, and even some local government units).
- Internet development must be ramped up, including improvement of access and affordability, infrastructure development (connectivity and logistics), as well as ensuring digital literacy for all Filipinos, especially women and girls. Breaking the duopoly of the major telecommunications companies and building a competitive market for internet services is essential to achieving this goal. This goal also entails meaningful cooperation and multi-stakeholder partnerships between government, the private sector, and civil society. At the same time, the National Privacy Commission and the Department of ICT must take the lead in understanding how digital platforms work and how algorithmic decision-making will impact privacy and autonomy. The Department of ICT, in particular, must keep up with and maintain engagement in discussions on data governance with the rest of the ASEAN region and the rest of the world.
- Finally, as the Philippines works on its own policy environment, regional mechanisms such as the ASEAN ICT Masterplan must ensure that the entire ASEAN region is ready for digitally-enabled trade. The Philippines and nine other ASEAN member countries are currently negotiating the Regional Economic Partnership (RCEP) with China, Japan, Korea, Australia, New Zealand, and India. Among the chapters being finalized is one that pertains to e-commerce. MSMEs comprise 90 percent of business establishments across all RCEP countries. With a liberalized free trade area, MSMEs will be in competition with large multinational companies that have greater resources. Further, these large multinational companies do not even have to have physical offices in the region, thus making it difficult for consumers to go after erring companies. Regulatory institutions in the Philippines and in the ASEAN region must therefore ensure that such companies comply with the pertinent laws and policies and that mechanisms are in place to hold them accountable in cases of malpractice (e.g., tax evasion, violation of consumer rights and labor laws, etc).

