



Republic of the Philippines  
**DEPARTMENT OF LABOR AND EMPLOYMENT**  
 National Wages and Productivity Commission  
**Regional Tripartite Wages and Productivity Board No. IV-A**  
 City of Calamba, Laguna

**WAGE ORDER NO. IVA-16**

**SETTING THE NEW MINIMUM WAGE  
 AND PROVIDING ADVISORY GUIDELINES ON PRODUCTIVITY BASED PAY  
 FOR PRIVATE ESTABLISHMENTS IN REGION – IVA**

**WHEREAS**, the Regional Tripartite Wages and Productivity Board – IVA (RTWPB - IVA) under R. A. 6727 "The Wage Rationalization Act", is mandated to set the applicable minimum wage of workers in private establishments in the Region following a standard minimum wage fixing process and set of criteria, and to promote productivity improvement and gainsharing programs;

**WHEREAS**, the Trade Union Congress of the Philippines (TUCP) and Confederation of Labor and Allied Social Services-Trade Union Congress of the Philippines (CLASS-TUCP) filed petitions for wage increase on June 20, 2013 and July 31, 2013 submitting daily across the board increase of P75 and P79.50, respectively;

**WHEREAS**, the Regional Board declared the conduct of a series of sectoral, provincial and industry level wage consultations from August 15, 2013 to October 29, 2013, specifically: 15 August 2013 with Labor Groups, series of consultations from 18 August to 23 October 2013 with Employers Sector, Provincial multi-sectoral consultations on 12 September 2013 in Quezon; 19 September 2013 in Laguna, 23 September 2013 in Cavite, 08 October 2013 in Batangas, 24 October 2013 in Rizal and and Region wide public hearing on 29 October 2013, respectively, in consideration of petitions filed with the Board and assessment of wage related indicators;

**WHEREAS**, the Regional Board issues this Wage Order providing an increase in the minimum wage rates of private sector workers/employees in the region attributable to the changes in its socio-economic conditions such as: regional domestic output, net employment, and poverty incidence, among others, and in support for the promotion and generation of long term investments and quality employment as the region's economy continue to pick up;

**WHEREAS**, this Wage Order No. IVA-16, sets the new minimum wage for covered workers and employees in private establishments in the Region, prescribing an increase in the form of Basic Pay (BP) or Socio-Economic Allowance (SEA), where the applicability depends on the specific industry category and area configuration where the establishments is situated;

**WHEREAS**, consistent with the government's policy of enabling establishments achieve higher levels of productivity and competitiveness, promote investments that will create more employment, improve the standards of living of workers and their families, an Advisory Guidelines on Productivity/Performance Based Pay is issued together with this Order;

**WHEREAS**, this Wage Order becomes effective fifteen (15) days upon publication in a newspaper of general circulation, applicable to minimum wage workers and employees in private establishments in Region IVA - CALABARZON (as defined under Executive Order 103 Series of 2002) which covers the provinces of Cavite, Laguna, Batangas, Rizal and Quezon.

**NOW, THEREFORE**, by virtue of the power and authority vested under Republic Act No. 6727, known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board of Region IV-A hereby issues this Wage Order:

**SECTION 1. MINIMUM WAGE.** The minimum wage ranges from **Two Hundred Sixty Seven Pesos (P267.00)** to Three Hundred Sixty Two Pesos and Fifty Centavos (P362.50) per day.

The **Two Hundred Sixty Seven Pesos (P267.00) per day** is the floor wage. It is set by taking into consideration the region's poverty threshold, median wage and region-specific indicators.

For those receiving Over and above the **Two Hundred Sixty Seven Pesos (P267.00) per day** shall be entitled to Thirteen Pesos (P13.00) Socio-Economic Allowance (SEA) per day.

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**SECTION 2. AMOUNT AND FORM OF INCREASE IN THE MINIMUM WAGE.** Upon effectivity of this Wage Order, minimum wage workers and employees in private establishments in Region IVA shall receive a daily increase in the form of **Basic Pay (BP) or Socio-Economic Allowance (SEA)**, whichever is applicable.

For those receiving minimum wage rate of **less than Two Hundred Sixty Seven Pesos (P267.00) per day**, a **Twelve Pesos (P12.00)** basic pay increase per day shall be effected in staggered basis, starting from the effectivity of the Order, and thereafter, until 01 December 2016. Such increase shall be implemented in two tranches yearly (01 May 2014 and 01 December 2014) and thereafter, until 01 December 2016, in addition to the wage adjustments prescribed under Wage Order No. IVA-15.

For those receiving minimum wage rate of **more than Two Hundred Sixty Seven Pesos (P267.00) to Three Hundred Forty Nine Pesos and Fifty Centavos (P349.50) per day**, the Conditional Temporary Productivity Allowance (CTPA) of Twelve Pesos and Fifty Centavos (P12.50) under Wage Order No. IVA-15 included, shall receive a Thirteen Pesos (P13.00) per day Socio-Economic Allowance (SEA) in full amount upon effectivity of the Order.

**SECTION 3. BASIS IN THE DETERMINATION OF THE INCREASES.** The Twelve Pesos (P12.00) Basic Pay increase is arrived at taking into consideration the region's poverty threshold, median wage and region-specific indicators.

The Thirteen Pesos (P13.00) Socio-Economic Allowance is derived at taking into account the growth rate in the Gross Regional Domestic Product, Net Employment and Poverty Incidence.

**SECTION 4. IMPLEMENTATION SCHEDULE OF THE P12.00 BASIC PAY INCREASE.** The staggered implementation schedule of the Twelve Pesos (P12.00) Basic Pay increase and the effective minimum wage rates of workers/employees receiving a minimum wage of **less than Two Hundred Sixty Seven Pesos (P267.00) per day**, in covered industry and area classification shall be as follows:

A R E A S		Retail & Service Establishment Employing Not More Than 10 Workers																	
		Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase	Minimum Wage Rate	Amount of Increase		
		15 May 2012 (WO 15)	15 May 2013 (WO 15)	01 May 2014 (WO 16)	15 May 2014 (WO 15)	01 May 2014 (WO 16)	15 May 2014 (WO 15)	01 December 2014 (WO 16)	01 May 2015 (WO 16)	15 May 2015 (WO 15)	01 May 2015 (WO 16)	15 May 2015 (WO 15)	01 December 2015 (WO 16)	15 May 2016 (WO 15)	01 December 2016 (WO 16)				
G C A	250	5	255	4	-	259	-	4	263	-	-	-	-	4	267	-	-	-	-
	228	18	246	-	9	-	255	4	259	4	-	263	-	4	267	-	-	-	-
	225	18	243	-	12	-	255	4	259	4	-	263	-	4	267	-	-	-	-
E G A	208	18	226	-	18	-	244	4	248	4	11	252	263	4	267	-	-	-	-
	195	18	213	-	18	-	231	4	235	-	18	-	253	4	257	6	263	4	267
	194	18	212	-	18	-	230	4	234	-	18	-	252	4	256	7	263	4	267
R B A	190	18	208	-	18	-	226	4	230	-	18	-	248	4	252	11	263	4	267
	183	18	201	-	18	-	219	4	223	-	18	-	241	4	245	18	263	4	267

WO 15 refers to Wage Order No. IVA-15, tranches of increase in minimum wage with effectivity dates 15 May 2012, 15 May 2013, 15 May 2014, 15 May 2015, and 15 May 2016.

WO 16 refers to Wage Order No. IVA-16, tranches of increase in minimum wage with effectivity dates 01 May 2014, 01 December 2014, 01 May 2015, 01 December 2015, and 01 December 2016.

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AREAS	Agriculture (Non-Plantation)									
	Minimum Wage Rate (WO 15)		Amount of Increase		Minimum Wage Rate		Amount of Increase		Minimum Wage Rate	
	15 May 2012	15 May 2013	01 May 2014 (WO 16)	15 May 2014 (WO 15)	01 May 2014 (WO 16)	15 May 2014 (WO 15)	01 December 2014 (WO 16)	01 May 2015 (WO 16)	01 December 2014 (WO 16)	01 May 2015 (WO 16)
EGCA	255	-	6	-	261	-	6	267	-	-
	253	255	6	-	261	-	6	267	-	-
	248	255	6	-	261	-	6	267	-	-
RBA	244	255	6	-	261	-	6	267	-	-
	231	249	-	6	-	255	6	261	6	267

AREAS	Agriculture (Plantation)					
	Minimum Wage Rate (WO 15)		Amount of Increase		Minimum Wage Rate	
	15 May 2012	15 May 2013	01 May 2014 (WO 16)	01 December 2014 (WO 16)	01 May 2015 (WO 16)	01 December 2014 (WO 16)
EGCA	-	-	-	-	-	-
	255	-	6	261	6	267
	255	-	6	261	6	267
RBA	255	-	6	261	6	267
	251	255	6	261	6	267

AREAS	Non-Agriculture					
	Minimum Wage Rate (WO 15)		Amount of Increase		Minimum Wage Rate	
	15 May 2012	15 May 2013	01 May 2014 (WO 16)		01 December 2014 (WO 16)	
RBA	255	-	6	261	6	267



GCA refers to Growth Corridor Area; EGA refers to Emerging Growth Area; and RBA refers to Resource Based Area

**SECTION 5. NEW MINIMUM WAGE RATES.** The new daily minimum wage rate for workers/employees receiving minimum wage rate of **more than Two Hundred Sixty Seven Pesos (P267.00) to Three Hundred Forty Nine Pesos and Fifty Centavos (P349.50) per day**, is composed of the basic pay under Wage Order No. IVA-15 plus Twelve Pesos and Fifty Centavos (P12.50) per day Conditional Temporary Productivity Allowance (CTPA) prescribed under WO IVA-15, plus Thirteen Pesos (P13.00) Socio-Economic Allowance (SEA) granted under WO IVA-16.

For workers/employees receiving **less than Two Hundred Sixty Seven Pesos (P267.00) per day**, the daily minimum wage is composed of the Basic Pay Increases under Wage Order No. IVA-15 made effective 15 May 2012 and 15 May 2013 respectively, plus Basic Pay Increase of Twelve Pesos (P12.00), given in tranches starting upon the effectivity of Wage Order No. IVA-16.

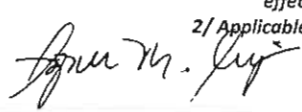
The daily minimum wage rates of workers and employees in private establishments in the Region shall be as follows:

AREAS	NON-AGRICULTURE			
	Minimum Wage Rate under Wage Order No. IVA-16			
	Basic Pay WO IVA-15 1/	CTPA WO IVA-15 1/	SEA WO IVA-16 2/	New Minimum Wage
GROWTH CORRIDOR AREA				
CAVITE Bacoor, Imus	337.00	12.50	13.00	362.50
LAGUNA Binan City, Laguna Techno Park, San Pedro				
RIZAL Cainta, Taytay				

AGRICULTURE			
Plantation			
Minimum Wage Rate under Wage Order No. IVA-16			
Basic Pay WO IVA-15 1/	CTPA WO IVA-15 1/	SEA WO IVA-16 2/	New Minimum Wage
312.00	12.50	13.00	337.50

1/ Applicable Minimum Wage under Wage Order No. IVA-15, composed of ( Basic Pay Plus Conditional Temporary Productivity Allowance) effective 15 May 2012.

2/ Applicable increase in the Minimum Wage in the form of Socio-Economic Allowance (SEA) under Wage Order No. IVA-16 effective 01 May 2014.



AREAS	NON-AGRICULTURE				AGRICULTURE			
	Minimum Wage Rate under Wage Order No. IVA-16				Plantation			
	Basic Pay WO IVA-15 1/	CTPA WO IVA-15 1/	SEA WO IVA-16 2/	New Minimum Wage	Basic Pay WO IVA-15 1/	CTPA WO IVA-15 1/	SEA WO IVA-16 2/	New Minimum Wage
<b>GROWTH CORRIDOR AREA</b>								
<b>CAVITE</b> Carmona, Cavite City, Dasmarinas City, Gen. Trias, Rosario	315.00	12.50	13.00	340.50	290.00	12.50	13.00	315.50
<b>LAGUNA</b> Cabuyao, Calamba City, Los Baños, San Pablo City, Santa Cruz, Santa Rosa City								
<b>RIZAL</b> Antipolo City								
<b>CAVITE</b> Gen. Alvarez, Kawit, Silang, Tagaytay City, Tanza, Trece Martires City	310.00	12.50	13.00	335.50	285.00	12.50	13.00	310.50*
<b>BATANGAS</b> Batangas City, Bauan, Lipa City, LIMA Technology Center, San Pascual, Santo Tomas, Tanauan City								
<b>RIZAL</b> Rodriguez, Tanay								
<b>QUEZON</b> Lucena City								

AREAS	NON-AGRICULTURE				AGRICULTURE			
	Minimum Wage Rate under Wage Order No. IVA-16				Plantation			
	Basic Pay WO IVA-15 1/	CTPA WO IVA-15 1/	SEA WO IVA-16 2/	New Minimum Wage	Basic Pay WO IVA-15 1/	CTPA WO IVA-15 1/	SEA WO IVA-16 2/	New Minimum Wage
<b>EMERGING GROWTH AREA</b>								
<b>BATANGAS</b> Balayan, Calaca, Calatagan, Lemery, Mabini, Nasugbu, Rosario, San Jose	291.00	12.50	13.00	316.50	266.00	12.50	13.00	291.50
<b>RIZAL</b> Angono, Binangonan, San Mateo								
<b>QUEZON</b> Candelaria, Sariaya								

1/ Applicable Minimum Wage under Wage Order No. IVA-15, composed of ( Basic Pay Plus Conditional Temporary Productivity Allowance) effective 15 May 2012.

2/ Applicable increase in the Minimum Wage in the form of Socio-Economic Allowance (SEA) under Wage Order No. IVA-16 effective 01 May 2014.

\* Minimum wage rate applicable to the Sugar Industry-Agriculture Plantation and Non-Plantation.

AREAS	NON-AGRICULTURE				AGRICULTURE		
	Minimum Wage Rate under Wage Order No. IVA-16				Plantation		
	Basic Pay WO IVA- 15 1/	CTPA WO IVA- 15 1/	SEA WO IVA-16 2/	New Minimum Wage	Minimum Wage WO IVA15 3/	Basic Pay Increase 4/	New Minimum Wage
<b>EMERGING GROWTH AREA</b>	280.00	12.50	13.00	305.50	255.00	6.00	261.00
<b>CAVITE</b> Indang, Naic, Noveleta, Ternate							
<b>LAGUNA</b> Paete, Pakil							
<b>BATANGAS</b> San Juan							
<b>RIZAL</b> Pililia							
<b>QUEZON</b> Tiaong							
<b>BATANGAS</b> Taysan	275.00	12.50	13.00	300.50	255.00	6.00	261.00
<b>RIZAL</b> Teresa							
<b>RESOURCE BASED AREA</b>	Basic Pay WO IVA- 15 1/	CTPA WO IVA- 15 1/	SEA WO IVA-16 2/	New Minimum Wage	Minimum Wage WO IVA15 3/	Basic Pay Increase 4/	New Minimum Wage
	271.00	12.50	13.00	296.50	255.00	6.00	261.00
<b>CAVITE</b> Alfonso, Amadeo, Gen. Aguinaldo, Magallanes, Maragondon, Mendez							
<b>LAGUNA</b> Alaminos, Bay, Calauan, Cavinti, Famy, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Magdalena, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Santa Maria, Siniloan, Victoria							
<b>BATANGAS</b> Agoncillo, Alitagtag, Balete, Cuenca, Ibaan, Laurel, Lian, Lobo, Malvar, Mataas na Kahoy, Padre Garcia, San Luis, San Nicolas, Santa Teresita, Taal, Talisay, Tingloy, Tuy							
<b>RIZAL</b> Baras, Cardona, Jala-Jala, Morong							

1/ Applicable Minimum Wage under Wage Order No. IVA-15, composed of ( Basic Pay Plus Conditional Temporary Productivity Allowance) effective 15 May 2012.

2/ Applicable increase in the Minimum Wage in the form of Socio-Economic Allowance (SEA) under Wage Order No. IVA-16 effective 01 May 2014.

3/ Applicable Minimum Wage as of 15 May 2013 under Wage Order No. IVA-15 after effecting tranche of Increases on 15 May, 2012 and 15 May 2013.

4/ Applicable Increase in the Minimum Wage in the form of Basic Pay under Wage Order No. IVA-16 effective 01 May 2014.

*Ann M. Guy*

*Ann M. Guy*



AREAS	AGRICULTURE			RETAIL AND SERVICE ESTABLISHMENT EMPLOYING NOT MORE THAN 10 WORKERS		
	Non-Plantation			Minimum Wage Rate under Wage Order No. IVA-16		
	Minimum Wage Rate under Wage Order No. IVA-16			Minimum Wage Rate under Wage Order No. IVA-16		
EMERGING GROWTH AREA	Minimum Wage WO IVA-15 3/	Basic Pay Increase 4/	New Minimum Wage	Minimum Wage WO IVA -15 3/	Basic Pay Increase 5/	New Minimum Wage
<b>BATANGAS</b> Balayan, Calaca, Calatagan, Lemery, Mabini, Nasugbu, Rosario, San Jose	255.00	6.00	261.00	226.00	-	-
<b>RIZAL</b> Angono, Binangonan, San Mateo						
<b>QUEZON</b> Candelaria, Sariaya						
<b>CAVITE</b> Indang, Naic, Noveleta, Ternate	255.00	6.00	261.00	213.00	-	-
<b>LAGUNA</b> Paete, Pakil						
<b>BATANGAS</b> San Juan						
<b>RIZAL</b> Pililia						
<b>QUEZON</b> Tiaong						
<b>BATANGAS</b> Taysan	255.00	6.00	261.00	212.00	-	-
<b>RIZAL</b> Teresa						
<b>RESOURCE BASED AREA</b>						
<b>CAVITE</b> Alfonso, Amadeo, Gen. Aguinaldo, Magallanes, Maragondon, Mendez	255.00	6.00	261.00	208.00	-	-
<b>LAGUNA</b> Alaminos, Bay, Calauan, Cavinti, Famy, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Magdalena, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Santa Maria, Siniloan, Victoria						
<b>BATANGAS</b> Agoncillo, Alitagtag, Balete, Cuenca, Ibaan, Laurel, Lian, Lobo, Malvar, Mataas na Kahoy, Padre Garcia, San Luis, San Nicolas, Santa Teresita, Taal, Talisay, Tingloy, Tuy						
<b>RIZAL</b> Baras, Cardona, Jala-Jala, Morong						

3/ Applicable Minimum Wage as of 15 May 2013 under Wage Order No. IVA-15 after effecting tranche of increases on 15 May, 2012 and 15 May 2013.

4/ Applicable increase in the Minimum Wage in the form of Basic Pay under Wage Order No. IVA-16 effective 01 May 2014.

5/ Applicable tranche of increase in the Minimum Wage under WO 15 shall take effect on 15 May 2014 and tranche of increase in the Minimum Wage under WO 16 shall start on 01 December 2014.

*Francis M. Luy*

*James*

AREAS	AGRICULTURE			RETAIL AND SERVICE ESTABLISHMENT EMPLOYING NOT MORE THAN 10 WORKERS		
	Non-Plantation			Minimum Wage Rate under Wage Order No. IVA-16		
	Minimum Wage Rate under Wage Order No. IVA-16			Minimum Wage Rate under Wage Order No. IVA-16		
	Minimum Wage WO IVA-15 3/	Basic Pay Increase 5/	New Minimum Wage Rate	Minimum Wage WO IVA-15 3/	Basic Pay Increase 5/	New Minimum Wage Rate
RESOURCE BASED AREA						
QUEZON	249.00	-	-	201.00	-	-
Agdangan, Alabat, Atimonan, Buenavista, Burdeos, Calauag, Catanauan, Dolores, Gen. Luna, Gen. Nakar, Guinayangan, Gumaca, Infanta, Jomalig, Lopez, Lucban, Macalelon, Mauban, Mulanay, Padre Burgos, Pagbitao, Panukulan, Patnanungan, Perez, Pitogo, Plaridel, Polilio, Quezon, Real, Sampaloc, San Andres, San Antonio, San Francisco, San Narciso, Tagkawayan, Tayabas City, Unisan						

3/ Applicable Minimum Wage as of 15 May 2013 under Wage Order No. IVA-15 after effecting tranche of increases on 15 May, 2012 and 15 May 2013.  
5/ Applicable tranche of increase in the Minimum Wage under WO 15 shall take effect on 15 May 2014 and tranche of increase in the Minimum Wage under WO 16 shall start on 01 December 2014.

All workers covered by this Wage Order receiving wage rates less than the prescribed minimum wage shall be adjusted at least to the new minimum wage rates prescribed herein.

**SECTION 6. APPLICATION OF THE SOCIO-ECONOMIC ALLOWANCE (SEA).** The SEA is a daily allowance, an increase in the daily minimum wage of workers/employees receiving more than Two Hundred Sixty Seven (P267.00) to Three Hundred Forty Nine Pesos and Fifty Centavos (P349.50) per day.

The payment of SEA under this Order shall follow the "No Work", "No SEA" policy for daily paid workers and employees. The SEA shall be integrated in the payment of holiday pay, government mandated benefits and separation pay. It shall not be considered in the computation of overtime pay, premium pay, night shift differential, 13<sup>th</sup> month pay and retirement pay.

The SEA shall not be credited as part of Productivity Based Pay.

**SECTION 7. BASIS OF MINIMUM WAGE.** The minimum wage prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours work a day.

**SECTION 8. COVERED WORKERS AND EMPLOYEES.** The minimum wage rates prescribed under this Order shall apply to all minimum wage workers and employees in private establishments in Region IV-A regardless of their position, designation or status of employment and payment method by which their wages are paid.

This Wage Order shall not cover household workers, persons employed in the personal service of another, including family drivers and workers of Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority, pursuant to R.A. 9178.

**SECTION 9. APPLICATION TO WORKERS PAID BY RESULTS.** All workers paid by result, including those who are paid on piece work, takay, pakyaw or task basis, shall receive the minimum wage for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

*Ignacio M. Cruz*

*R. Anselmo*

*Francisco*



**SECTION 10. APPLICATION TO WORKERS OF CONTRACTORS OR SUBCONTRACTORS.** All workers of legitimate contractor or subcontractor in the construction and other industries are entitled to the prescribed minimum wage, provided for under Sections 1, 2 and 3 of this Wage Order. The prescribed wage rates of covered workers shall be borne by the principal or "user enterprise" and the service agreement or contract shall be deemed amended accordingly. In the event, however, that the principal fails to pay the prescribed wages, the contractor or sub-contractor shall be jointly and severally liable with the principal or "user enterprise".

**SECTION 11. APPLICATION TO TRANSFER, BRANCH AND MOBILE EMPLOYEES.** In cases where the establishment may have branches in different parts of the region or where its headquarters is outside the region, the applicable minimum wage is the rate of the particular city/municipality where the worker/employee is based. In the case of mobile worker/employee, the home base rate shall apply. In cases of transfer from a high rate city/municipality to a lower rate city/municipality, the higher rate shall continue to be applied.

**SECTION 12. APPLICATION TO SEASONAL OR TEMPORARY WORKERS.** Seasonal, reliever, week-ender, temporary or promo jobber workers directly hired by the principal or engaged by a contractor or subcontractor shall receive the prescribed minimum wage.

**SECTION 13. APPLICATION TO SPECIAL GROUPS OF WORKERS.** Wages of apprentices and learners shall in no case be less than seventy-five percent (75%) of the minimum wage prescribed in this Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified insofar as their wage clauses are concerned to reflect the provisions of this Wage Order.

All qualified handicapped workers shall receive the full amount of the minimum wage prescribed in this Order, pursuant to R.A. 7277, otherwise known as the Magna Carta for Disabled Persons.

**SECTION 14. EXEMPTION.** No exemption from compliance with this Wage Order shall be allowed.

**SECTION 15. PRODUCTIVITY BASED PAY (PBP).** Productivity Based Pay (PBP) is an incentive given to workers and employees, on top of the minimum wage increase, in the form of productivity bonus or incentive in recognition to worker's productivity and/or performance, value of the job, contribution to business' competitiveness and profitability, among others. All workers and employees in private establishments in the region may be entitled to PBP, as may be determined and agreed upon by the PIIC or equivalent management system in the establishment.

The PBP is voluntary and flexible in character, its implementation will be discussed through the PIIC or equivalent structure that allows labor-management decision making, guided by the Advisory Guidelines on Productivity Based Pay that is included in this Wage Order.

Nothing however, will preclude establishments from providing higher productivity - based pay than what is suggested in the said Advisory Guidelines on Productivity Based Pay.

**SECTION 16. MECHANISM FOR THE IMPLEMENTATION OF PRODUCTIVITY BASED PAY.** Private establishments in the region are encouraged to organize a PIIC that will effectively implement the Advisory Guidelines on Productivity Based Pay at the establishment level.

The PIIC is a structure composed of equal representation from both labor and management with the core function of managing the implementation of the Advisory Guidelines on Productivity Based Pay at the establishment level.

The PIIC will determine and recommend the terms and conditions of providing PBP such as: amount of PBP, performance standards, criteria, coverage, frequency and manner of payment, and monitoring of impact in both labor and management.

It is recommended that the PIIC will have an equal representation from labor and management. For the organized establishments the recognized Union officers and members shall be the labor representatives in the PIIC. For the unorganized establishments, the workers' representatives shall be selected among the workers and the same will have to be properly communicated to the management.

*Signer M. Cruz*

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**SECTION 17. TECHNICAL ASSISTANCE ON PRODUCTIVITY BASED PAY.** Upon request, the Regional Tripartite Wages and Productivity Board-IVA and/or the DOLE RO-IVA will provide the technical assistance to private establishments in the development of productivity improvement programs and/or productivity based pay formula for purposes of implementing the Advisory Guidelines on Productivity Based Pay of this Order.

**SECTION 18. EFFECTS ON EXISTING WAGE STRUCTURE.** Where the application of the wage increase prescribed under this Wage Order results in distortion in the wage structure within the establishments, it shall be left to the parties concerned to address the issue in accordance with the procedure under Article 124 of the Labor Code, as amended.

Advisory formulae to correct distortions will be contained in the Implementing Rules of this Wage Order.

**SECTION 19. MONITORING.** Compliance monitoring with the mandatory provisions of this Wage Order shall be the function of the Department of Labor and Employment- Regional Office-IVA and/or its Provincial Field Offices.

**SECTION 20. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with this Order shall be filed with the Department of Labor and Employment- Regional Office-IVA (DOLE-RO IVA) or to any DOLE-Provincial Field Office in the Region, and shall be the subject of Single Entry Approach (SENA) or enforcement proceedings under Article 128 and 129 of the Labor Code, as amended without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

**SECTION 21. DISPUTES AND GRIEVANCES.** In cases of disputes, grievances, or other matters arising from the interpretation or implementation of the Order, labor and management shall meet to resolve the dispute, or may seek the assistance of the Regional Tripartite Wages and Productivity Board-IVA with regards to the interpretation of the Guidelines on Productivity Based Pay.

**SECTION 22. FREEDOM TO BARGAIN.** This Order shall not be construed to prevent workers in particular enterprises from bargaining for higher wages with their respective employers.

**SECTION 23. NON-DIMINUTION OF BENEFITS.** Nothing in this Order shall be construed to reduce any existing wage rates, allowances, and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract of agreement between the workers and employers.

**SECTION 24. PENAL PROVISIONS.** Any employer who refuses or fails to pay the corresponding minimum wage rates provided under this Order shall be subject to the penalties under RA. 6727, as amended by R.A.8188.

**SECTION 25. PROHIBITION AGAINST INJUNCTION.** No preliminary injunction or temporary restraining order maybe issued by any court, tribunal or any entity against the Board, this Wage Order or any proceedings before the Regional Board.

**SECTION 26. REPORTING REQUIREMENT.** All business establishments shall submit a notarized Establishment Report Form 01 S. 2012, describing their Productivity Improvement Programs, the composition and objectives of the Productivity Improvement and Incentives Committee or equivalent structure, the criteria and measurements in determining and distributing productivity incentives, including the levels and frequency of PBP distribution. The report shall be submitted to the Regional Tripartite Wages and Productivity Board-IVA or to the DOLE- CALABARZON Provincial Offices not later than January 31, 2015 and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

**SECTION 27. REPEALING CLAUSE.** All orders, issuances, rules and regulations, or parts thereof inconsistent with this Wage Order are hereby repealed, amended or modified accordingly.

**SECTION 28. SEPARABILITY CLAUSE.** If for any reason, any section or provision of this Order is declared unconstitutional or invalid, the other provisions or parts shall remain valid.

**SECTION 29. IMPLEMENTING RULES.** The Regional Board shall prepare the necessary rules and regulations to implement this Wage Order, subject to the approval of the Secretary of Labor and Employment.

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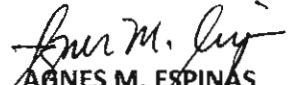
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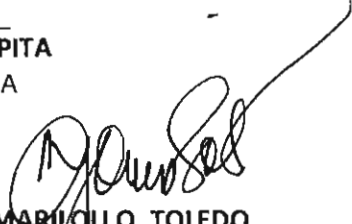
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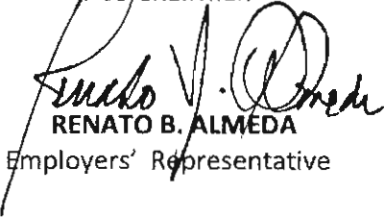
**SECTION 30. EFFECTIVITY.** This Order shall take effect fifteen (15) days upon publication in a newspaper of general circulation.


Approved this 08<sup>th</sup> day of April 2014 in Calamba City, Laguna.

  
**MA. ZENaida ANGARA-CAMPITA**  
Regional Director, DOLE -IVA  
Chairman


  
**AGNES M. ESPINAS**  
OIC-Regional Director, NEDA -IVA  
Vice-Chairman

  
**MARILOU Q. TOLEDO**  
Regional Director, DTI-IVA  
Vice-Chairman

  
**RENATO B. ALMEDA**  
Employers' Representative

  
**LUCILA C. TARRIELA**  
Employers' Representative

**ABSENT**  
**JUANITO S. FACUNDO**  
Workers' Representative

  
**JESUS B. VILLAMOR**  
Workers' Representative



Republic of the Philippines  
**DEPARTMENT OF LABOR AND EMPLOYMENT**  
National Wages and Productivity Commission  
Regional Tripartite Wages and Productivity Board No. IV-A  
City of Calamba, Laguna

**AN ADVISORY GUIDELINE IN THE IMPLEMENTATION OF PRODUCTIVITY-BASED PAY  
UNDER WAGE ORDER NO. IVA-16, FOR PRIVATE ENTERPRISES IN REGION IV-A**

**PART I – REGIONAL ECONOMIC PERFORMANCE AND BUSINESS OUTLOOK**

**Economic Growth**

Region IVA- CALABARZON economy is mostly Industrial in nature, the Industry comprised 61.3%, the same share as in 2011. The Services sector is slowly gaining in its share in the region's economy from 32.1% in 2011 to 32.4% in 2012. While the share of Agriculture, Forestry and Fishing sector decreased from 6.6% to 6.3% in 2012. (Figure 1)

Region IVA-CALABARZON's economy is the second largest economy in the country, contributing a share of 17.4 percent to the country's total domestic output in 2012. It registered an impressive growth rate of 7.0 percent in 2012 from 1.7 percent in 2011, even higher than the national growth rate of 6.8%. This was attributed to all major sectors' overall contribution in the Region's economy notably, is the Industry sector's significant acceleration by 6.8 percentage points i.e. from a meager growth of 0.1 percent in 2011 to 6.9 percent in 2012. This was followed by the Services sector with an impressive growth of 3.1 percentage points, from a growth rate of 4.9 percent in 2011 to 8.0 percent in 2012. The Agriculture, Forestry and Fishing sector also posted a better growth of 2.5 percent in 2012 from a modest growth of 1.2 percent in 2011. (Figures 2 and 3 and Table 1)

Looking at the sub-sectors, the Industry sector's positive performance at 6.9 percent in 2012 was attributed to the strong growth of Construction which rebounded from a negative growth of 3.2% in 2011 to a double digit growth of 23.5% in 2012. The Services sector's drivers for its 8.0 percent growth are the sub-sectors: Financial Intermediation which more than doubled its growth from 5.3% in 2011 to 11.1% in 2012, Transportation, Storage & Communication from 3.4 per cent to 7.8 per cent, and Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods from 4.4 per cent to 7.3 per cent in 2012. While other services accelerated from 1.8% to 5.7% in 2012. (Tables 2 and 3)

The per capita Gross Regional Domestic Product stands at P82,393, higher than the country's per capita of P65,904. (Figure 4)

**Labor Force**

The Region's employment rate in second quarter of 2013 went up to 90.9 per cent from 90.6 per cent in 2012. The increase in employment was propelled by industry and service sector which more than offset the decline in agriculture sector. Of the total employment of 4,869 T in the region, about 67 per cent are wage and salary workers who can be the direct beneficiary of wage issuances by the Regional Board. Unemployment dropped to 9.1 per cent in 2013 from 9.4 per cent in 2012. While underemployment eased from 21.1 to 19.3 in the same period last year. (Tables 4 and 5)

**Labor Productivity**

Labor productivity registered an overall growth rate of 5.0 per cent in 2012 from 2011 levels. Surprisingly, the Agriculture sector contributed most at 5.5 per cent, followed closely by Service sector at 5.4 per cent while Industry sector at 3.1 per cent. (Table 6)

**Industry Outlook**

Businesses' outlook in the Region for Q1 and Q2 2014 continue to be optimistic, indicators such as: inflation rate, interest rate, peso-dollar exchange rate remain positive. The continuing investment inflows, resumption of manufacturing activities in the garments, automotive and electronics sector, stability in client's orders, and accelerated infrastructure projects remain the possible sources of rebound. Source: BSP's Business Confidence Survey

**Firm Level Implementation of Productivity Based Pay in Region IV-A (An Initial Assessment)**

The Productivity Based Pay under the two-tiered wage policy was in effect in Region IVA on 15 May 2012 under Wage Order No. IVA-15. Preliminary results of the on line survey entitled: Impact Evaluation Survey on the Implementation of Productivity Based Pay at the Enterprise Level, with a total of 359 respondent establishments as of December 2013 is summarized as follows:

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For the labor sector, the Productivity Based Pay policy had significant impact on the following areas: 1) teamwork and cooperation among the workers and functional units, 2) participation of workers in the determination of PBP criteria and metrics, and 3) provision of fair and reasonable PBP to deserving workers and employees. Meanwhile, moderate impact was noted on the improvement of remuneration and standard of living of workers and enhancement of problem-solving and decision-making skills of workers in workplace.

For the management sector, the Productivity Based Pay as an integral part of the management system had significant impact on the following areas: 1) improvement in company policy/system on pay and incentives, 2) enhancement of existing performance evaluation system as a metric in determining PBP, 3) deliberate implementation of PIPs that will support the provision of PBP, and 4) clarification on the relationship between meeting company goals and targets with the distribution of PBP.

The policy changes and/or improvement that would significantly improve implementation of the PBP at the company level are: 1) exemption from taxes of PBP higher than ₱30,000.00 and the revival of LMC programs. At the operational level, the following improvements were suggested: 1) communication and sharing of PBP best practices, 2) implementation of LMC programs, and 3) continued provision of technical assistance in operationalizing the PBP by the RTWPB-IVA and DOLE. Overall, forty-nine percent (49%) affirmed that Wage Order IVA-15 had a major influence in improving their employees' and company's productivity. The most common criteria used in the granting of PBP are attendance and performance.

## PART II – PRODUCTIVITY BASED PAY

### Rationale

- a. To establish a closer link between adjustments in wages and productivity to enhance the competitiveness of business and labor, promote the creation and sustainability of employment;
- b. To provide a venue for the employers and workers come up with a deliberate and systematic approach for improving performance and compensation of workers, strengthen collective bargaining through bipartite mechanism;
- c. To encourage business establishments to organize a Productivity Improvement and Incentives Committee to oversee the implementation of the Productivity Based Pay in the company;
- d. To provide a work environment for workers to improve their skills and capabilities through participation and involvement in Productivity Improvement Programs or similar initiatives;
- e. To encourage the implementation of enterprise level Productivity Improvement Program and Productivity Based Pay in private establishments;
- f. To ensure workers' share in the gains from business growth, in cognizance to the principle of fairness, equity, and social justice.

### Suggested Range of Productivity Based Pay Increases by Major Industry

The Productivity Based Pay percentage increases applicable in the Region ranges from 6.1 per cent to 15.8 per cent of the applicable basic wage of the workers or employee, depending on the industry classification of the establishment and capacity of the employers to pay. The nature of the core business of the establishment determines its industry classification. Specifically, the PBP range of increases by major industry classification is as follows:

Industry Classification	Per cent Range
Agriculture	8.5-13.1
Industry	6.1-12.9
Service	8.4-15.8

Basic Formula in Computing the Per cent Range of Productivity Based Pay:

Productivity Based Pay (Percentage Increase) = X (labor productivity growth rate of wage and salary workers j) + Y (changes in labor market condition j) + Z (industry's actual and predicted growth j)  
(Table 6)

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**PART III - ENTERPRISE LEVEL OPERATIONALIZATION OF PRODUCTIVITY BASED PAY**

**Productivity Based Pay (PBP) as a human resource management strategy.**

PBP is a management system to recognize and pay the monetary value of workers' productivity/performance contribution in the overall business profitability and growth.

- Productivity Based Pay (PBP)** refers to the productivity-based incentive on top of the minimum wage, in the form of productivity bonus or incentive given to workers and employees with remarkable productivity, performance or skills, and as recommended by the Productivity Improvement and Incentive Committee (PIIC) or its equivalent structure within the company. The suggested ranges of PBP by major industry may serve as a guide in determining the reasonable amount of PBP for its workers and employees. The bonus or incentive may be given on a monthly, quarterly, semi-annual or yearly basis.

Nature, Scope and Coverage of PBP

Productivity-based incentives are essentially voluntary, flexible and negotiable. Representatives of workers and employers voluntarily determine the formula, sharing ratio and frequency of the grant through consultation and voluntary negotiation at the enterprise level. The mechanism to implement the guidelines is a joint labor-management body like PIIC or Labor - Management Committee (LMC). Once agreement is reached on the grant of productivity based pay, it becomes a commitment of management to pay the same in the manner and in the amount and frequency agreed upon.

The provision of PBP increases is company-wide in application. Workers and employees of legitimate contractor or subcontractor in the principal or "user enterprise" may be covered by the principal's PBP system else, the contractor have to set up its own PIIC.

Pay increases like merit increases, or increases arising from promotion, regularization of the worker cannot be converted as PBP consideration.

- Productivity Improvement and Incentives Committee (PIIC)** is an organizational structure within the enterprise whose primarily function is to operationalize the implementation of the PBP provisions of the Wage Order, within the principle of fairness, equity and good organizational practice.

The PIIC may be a newly created organizational structure or an existing labor-management organization enhanced to function as such. Examples of L-M organizations are: Labor-Management Council, Total Quality Management System, Work Improvement Team, Kaizen Team, 5S Committee, Safety Committee, Quality Circle, among others.

The composition of the PIIC shall have equal representation from labor and management to be headed by the top level management.

For the organized establishments the recognized Union shall be the labor representative in the PIIC. For the unorganized establishments, the workers' representatives shall be determined by the workers among themselves representing the majority and to be properly communicated to the management.

Functions of the PIIC:

The functions of the PIIC are, but not limited to the following:

- Develops company policy on PBP operated along with key performance indicators/targets, performance appraisal/rating system, and company practice and culture.
- Establishes performance evaluation criteria and standards, functional units' performance targets, measurements, scope and coverage.
- Communicates metrics of work performance, standards of work, cost controls, work attitude, punctuality and attendance, etc. directly attributed to the provision of PBP, including frequency, manner and methods of PBP payment, and fund source.
- Plans, implements and monitors Productivity Improvement Programs, making sure that everyone is involved, regardless of their position, status of employment.
- Manages the implementation of the PBP, resolves complaints, review and revise PBP policy/system if necessary.
- Prepares and submits reportorial requirements to the RTWPB-IVA.

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4. **Productivity Improvement Program (PIP)** – refers to any intervention or scientific process designed to involve everyone in the organization in improving productivity through efficient use of resources, competitive pricing, on time production and delivery of quality goods and services, that satisfy the requirements of the customer. The focus of PIPs may be: reduction of costs, improvement of quality, development of new products/services, improvement of processes, six sigma analysis, suggestion scheme, reduction in process cycle time, increase productivity, increase profit, increase customer satisfaction, increase market share, improvement of supplier-customer relationship, etc.
5. **Compliance Monitoring.** The implementation of PBP is voluntary in nature and character; however, enterprises are encouraged to implement the PBP provisions of the Order. For effectiveness of policy compliance, the DOLE RO IVA shall issue compliance certificates for those establishments that implemented the Productivity Based Pay. The same initiative will be complemented by RTWPB and the DOLE-PFOs through the provision of technical assistance in the installation of PIPs and PBP schemes
6. **Advisory Formula and Illustrative Computation.** A menu of PBP schemes provided for in this advisory guideline is for reference only. The illustrative computation of PBP amount is based on pre-determined criteria. Nothing however, will prevent labor and management from agreeing on other formulas best suited to the nature of the business and/or industry.

### 6.1 Attendance and Performance-Based

Criteria:

Attendance (A), number of days worked within the working days in a month  
 Tardiness (T), number of tardiness/undertime incurred within the working days in a month  
 Performance Rating (PR), Individual Performance Rating for the month, not below average

Productivity Based Pay Amount (PBP), equivalent table matrix supplied

Formula:  $\% AT = (\%A + \%T) / 2$   
 Performance (Efficiency) Rating, (should not be below average)

Assumptions:

Applicable Basic Pay – Php337.00 per day  
 Industry Sector –using the lower range of 6.1%

Illustrative Computation:

Employee	Attendance	Tardiness	% AT (%A+%T)/2	Performance Rating	PBP Amount of Increase
A -Absences (1 day) -Tardiness (1 day) -PR (average)	<u>25 days present</u> 26 working days *100 = 96.2%	<u>25 days not tardy</u> 26 working days *100 = 96.2%	$(96.2\% + 96.2\%) / 2$ = 96.2%	average	P 19.00/day
B -Absences (3 days) -Tardiness (none) -PR (average)	<u>23 days present</u> 26 working days *100 = 88.5%	<u>26 days not tardy</u> 26 working days *100 = 100%	$(88.5\% + 100\%) / 2$ = 94.25%	average	P 18.00/day
C -Absences (none) -Tardiness (none) -PR (average)	<u>26 days present</u> 26 working days *100 = 100%	<u>26 days not tardy</u> 26 working days *100 = 100%	$(100\% + 100\%) / 2$ = 100%	average	P 21.00/day

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**Productivity Based Pay Equivalent Matrix**

Performance Rating	Ave. Attendance & Tardiness Rating	PBP Amount based on Industry PBP Range of Increase
At least average PR based on the applicable criteria and nature of work	90 - 91.99	Php16.00
	92 - 93.99	17.00
	94 - 95.99	18.00
	96 - 97.99	19.00
	98 - 99.99	20.00
	100	Php337 x 6.1% = Php21.00

**6.2 Based on Multiple Criteria**

CRITERIA	STANDARD SCORE (%)	ACTUAL SCORE (%)		
		Employee A	Employee B	Employee C
1. Job knowledge	26	23	25	26
2. Quality of work	17	14	16	17
3. Attitude	27	24	25	26
4. Communication	10	9	9	9
5. Attendance	20	20	19	20
<b>Total (%)</b>	<b>100</b>	<b>90</b>	<b>94</b>	<b>98</b>

**Productivity Based Pay Equivalent Matrix**

Equivalent Amount of PBP (% of current wage rate)	10% of P400 or P40	12% of P400 or P48	14% of P400 or P56
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RATING	LEVEL	Equivalent Amount of PBP (% of current wage rate)
95.01% - 100%	A	14%
90.01% - 95%	B	12%
85.01% - 90%	C	10%
80.01% - 85%	D	8%
75.01% - 80%	E	6%

**6.3 Profit, Cost & Efficiency Savings and Performance-Based**

Criteria:

- Net Profit Before Tax or Return on Sales (Profit Margin generated per Peso Sales)
- Productivity Increase or Savings (i.e. Actual vs. Allowable Cost, Target Production Yield)
- Performance Rating (Individual Performance Rating)

Illustrative Computation:

Assumptions:

- Applicable Basic Pay - P315.00 - P600 per day
- Establishment belongs to Service Industry, uses the PBP lower range of 8.4%

Net Profit Before Tax (for 3 months)	P 100,000.00
Total Savings in 3 mos. (additional yield, decrease in consumable cost, product reject)	50,000.00
Amount for Distribution (P100,000*8.4% + P50,000*40%)	28,400.00
Total Labor Cost or Payroll (for the month)	P 41,607.00

Sharing of Total Savings from PIPs: 60% Management; 40% Labor

Employee	Daily Basic Pay	Average Number of Working days Present for 3 mos.	Monthly Basic Pay
	x	y	z
A	Php 315	23 days	Php 7,245
B	337	26 days	8,762
C	400	25 days	10,000
D	600	26 days	15,600
Total Payroll			41,607

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**ANNEX: DATA TOOLS FOR THE ADVISORY GUIDELINES ON PRODUCTIVITY BASED PAY  
WAGE ORDER NO. IVA-16**

Figure 1. Gross Regional Domestic Product (GRDP) Percent Distribution by Sector, CALABARZON, 2010-2012, At Constant 2000 Prices

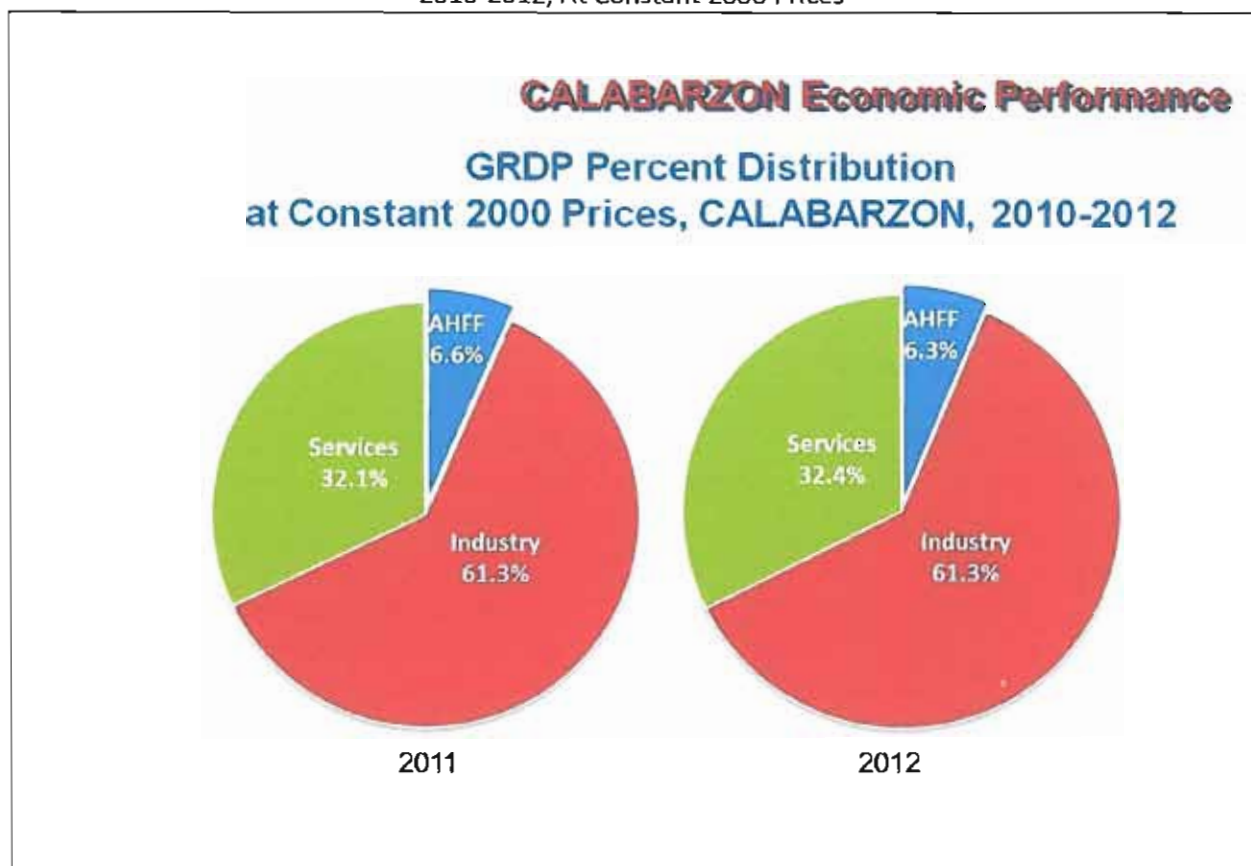


Figure 2. Gross Regional Domestic Product (GRDP) Growth Rate, CALABARZON, 2010-2012 At Constant 2000 Prices

