

# Too Little, Too Weak?

## Family Policies and Workers' Bargaining Response

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*Extended Abstract. Please do not cite or circulate.*

### Abstract

When legal minimum standards for work and family benefits are deemed insufficient, how do workers respond and compensate? Looking at advanced economies points us to an idea—unionization and collective bargaining (CB) are ways to afford workers better conditions and increase benefit entitlement than what is statutorily guaranteed. Whether or not this “success story” applies in other contexts with weaker and more decentralized systems for workers’ representation, as is the case in many developing countries, is a persistent gap in the literature partly owing to limited data availability. To address this, we construct a novel dataset of the provisions of all workplace-level CBAs in the Philippines over a 6-year period to: (1) descriptively show the prevalence of family policies in CBAs and (2) analyze the causal effects of a 2019 maternity leave reform, which increased benefit entitlement from 7-8 weeks to 15 weeks, on the inclusion of family provisions in CBAs using a quasi-experimental design. Preliminary findings show that around 65% of CBAs contain reinforcing provisions that merely restate the statutory leave entitlements, while only 5% contain augmenting provisions that provide higher leaves. This lends support to the idea that where compliance and enforcement of family policy laws are weak, redundancy is as much of an objective as augmentation is in the collective bargaining process.

**Keywords:** unions, collective bargaining, family policies, regression discontinuity

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# 1 Brief Introduction

As is the case in many developing countries, when legal minimum standards for work-family benefits, such as maternity and paternity leaves and family planning support, are deemed insufficient, how do workers respond and compensate? The [International Labour Organization \(2014\)](#) reports the Philippines has among the lowest statutory duration of maternity leaves in the world at around 8 weeks, almost half of the ILO-recommended 14 weeks. Although the Philippines offers paternity leave, strict eligibility requirements—being both married to and cohabiting with the mother, prevent equitable and widespread access. It is not only that benefits are low, but coverage is also low. In 2015, only 55 percent of mothers received paid maternity leaves, owing to a large share of informally employed women who are not eligible for this program ([Ulep et al. 2021](#)). In these instances, what can workers do?

Looking at advanced economies points us to an idea. In some developed countries such as Germany, Denmark, and the Netherlands, one legal channel to increase leave entitlements is for collective bargaining agreements (CBA) to include leave-augmenting provisions that are higher than what is statutorily mandated. Indeed, collectively agreed leaves in these countries are higher than what is provided for under the law ([OECD 2020a](#)). In Austria, Australia, and Germany, this approach is likewise used to increase entitlement for maternity and paternity leaves ([OECD 2020b](#)). Indeed, we see the role that unions and the collective bargaining process could possibly play in increasing benefit entitlement for workers.

To what extent are family policies (e.g. maternity and paternity leaves and family planning support embedded in CBAs in a developing country with extremely low benefits such as the Philippines? We use a novel dataset of all workplace CBAs in the Philippines from 2016-2021 to analyze the determinants of the inclusion of family-related provisions. This dataset is part of a broader ongoing project aiming to systematically encode a wide range of CBA provisions including firm and union-level information, wage benefits, nonwage benefits, and union responsibilities, among others. Encoding the full population of CBAs over a 6-year period (N=1090), we envision this output to be among the largest, most representative, and most comprehensive datasets of workplace CBA provisions in any developing country that would be made publicly available.

Specifically, this article: (1) descriptively shows the prevalence of family policies in CBAs and (2) analyzes the causal effects of a 2019 maternity leave reform, which increased benefit entitlement from 7-8 weeks to 15 weeks, on the inclusion of family provisions in CBAs. Preliminarily, we find that of the 700 CBAs encoded to date, 70% and 61% of all CBAs contain legally-reinforcing paternity and maternity leave provisions respectively.

In other words, these CBAs merely restate the statutory maternity and paternity leave entitlements. Of all CBAs, only around 5% have successfully negotiated for maternity and/or paternity leaves in excess of what they're legally entitled to. More broadly, these preliminary descriptive figures suggest that beyond augmentation, redundancy is an objective of unionization and collective bargaining in developing countries where compliance and enforcement are weaker.

## 2 Augmentation and Redundancy as Priorities

In many national contexts, non-wage benefits such as work-life balance, parental leaves, and health insurance, among others, are central to the agenda in CBA negotiations. Insofar as minimum statutory family provisions are deemed insufficient, unionization and the collective bargaining process have been consistently demonstrated in the literature to successfully supplement statutory entitlements (Baird et al. 2021; Brochard and Letablier 2017; Cecon and Ahmad 2018; Milner 2022; Votinius 2020). Using cross-country data on CBA provisions, Cecon and Ahmad (2018) find that around 1 in 4 CBAs contain paternity leave-augmenting provisions—workers covered by these CBAs are entitled to longer paternity leaves than what their respective national laws provide. In Austria, Australia, and Germany, enterprise-level agreements collective bargaining is likewise possible to increase entitlement for maternity and paternity leaves (OECD 2020b). These maternity and paternity leave supplements are not negligible in magnitude—these could range between 3 and 12 months for the private sector and up to 180 days for municipal-level agreements in Sweden (Votinius 2020).

It is not always the case that the lack or absence of statutory benefits induces collective agreements containing supplementary or augmenting provisions. In Australia, the absence of government-mandated paid parental leave schemes did not promote the inclusion of PPL provisions in sector-level collective agreements (Baird and Murray 2014; Baird et al. 2021).

Yet while most of the literature has focused on the augmentation role of CBAs, another less-explored intentional determinant of family provisions in CBAs is redundancy. CBAs contribute to the effective enforcement of labor laws across firms and sectors (Cecon and Ahmad 2018) and provide clarity on eligibility and entitlements where unclear. Including provisions that guarantee workers' access to statutorily-provided benefits does not change one's legal eligibility. In other words, if the law provides for a minimum of 14 weeks of maternity leave, the exclusion of a maternity leave provision in a CBA does not make workers worse off.

What is the rationale, therefore, for echoing statutory entitlements in a CBA? Redundancy offers two benefits—additional legal protection and clarity at no cost to both

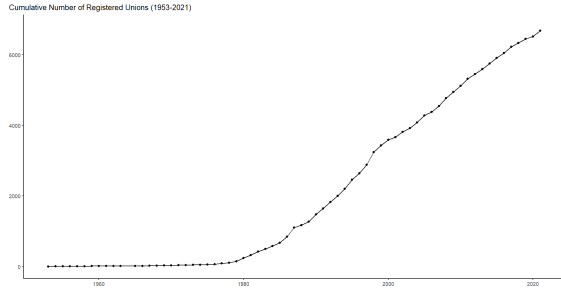
parties. Additional legal protection means that employers refusing to grant statutory benefits are not only violating laws but also breaching contractual obligations, both of which could be tried by courts. CBAs can also clarify procedural and technical aspects of statutory entitlements for the benefit of both firms and workers. These are especially relevant for countries where the enforcement of labor laws is relatively weaker and more inconsistent. Unsurprisingly among developing countries, family-related provisions are present in a majority of CBAs and specific entitlements such as maternity leave duration are a core agenda where intensive and contentious bargaining occurs (Besamusca and Tijdens 2015). Edralin (2016) likewise argues that in the Philippines, labor movements in general “pressure the management to observe decent work practices”.

Apart from these intentional determinants of the inclusion of family provisions in CBAs, structural labor market factors also play a role. Larsen and Navrbjerg (2018) find that in Denmark, the gender composition of the workforce has an effect on the work-life balance (WLB) provisions in CBAs. In addition, the strength and size of trade unions as well as opportunity structures emerging from the national government and European-level policies and initiatives affect the bargaining outcome on WLB issues (Gregory and Milner 2009; Rodriguez d’Acri et al. 2011).

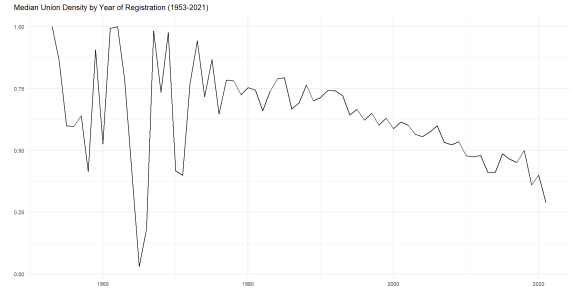
### 3 Unionization in the Philippines

It was as early as 1902 when the Philippines was in a transition phase from Spanish to American colonial rule when the formation of national union movements began (Buiser 2021). The growth in trade unions was eclipsed by the growth of militant and communist-leaning trade unions in the 1930s, leading the American-influenced government to impose compulsory arbitration and union-busting activities. In 1953, the Industrial Peace Act was passed which introduced Collective Bargaining Agreements (CBAs) as a core tool for labor relations and dispute settlement (Buiser 2021). Figure 1 shows that the number of unions has not increased at all until the 1980s and since then it has grown substantially. Union registration in the Philippines is “non-expiring” and not time-limited. On the other hand, union density, defined as the share of union members in the firm, has consistently decreased over time.

Looking more closely at the “strength” of unions as measured by density reveals some heterogeneity across sectors. This is important as the gender composition of unions at large and the union leadership affect the level and distribution of bargaining outcomes (Aganon et al. 2009; Milner 2022). Serrano and Certeza (2014) argue that despite being in a sector predominated by women, most union leadership roles are still occupied by men. This implies



((a)) Registrations (cumulative)

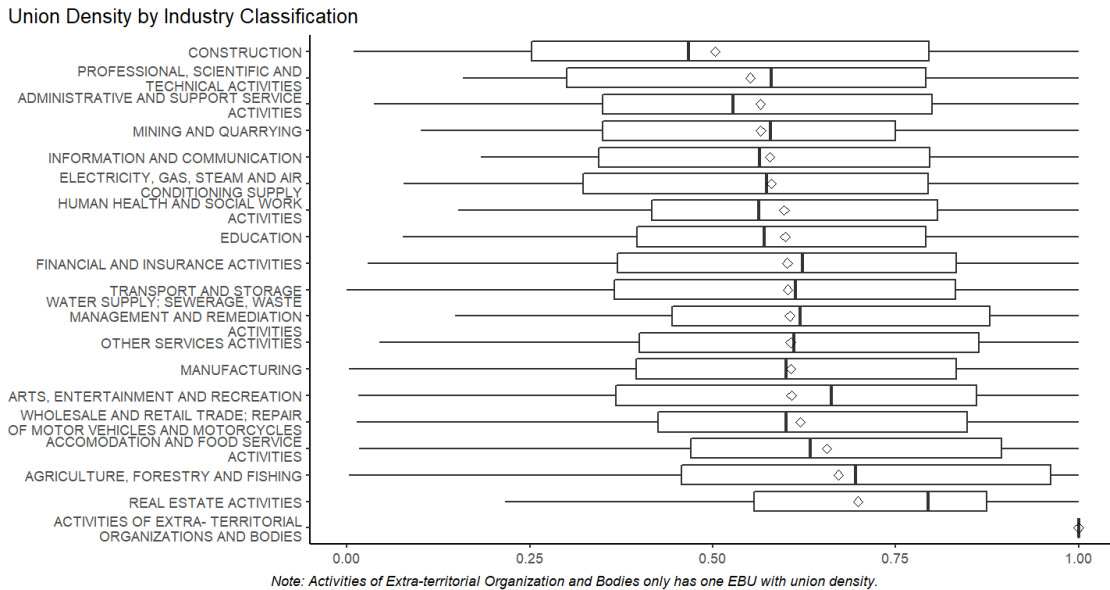


((b)) Density

Figure 1: Unions in the Philippines (1953-2021)

that the gender composition of the workforce does not automatically ensure that women will have substantial union representation. Since women are underrepresented, benefits like better working conditions and higher wages are sometimes not accessible to women. In general, sectoral heterogeneity of union densities in the Philippines, reported in Figure 2, is not too pronounced. Union densities are somewhat higher in sectors such as accommodation and food service as well as arts, entertainment, and recreation which have relatively high female labor force participation rates.

Figure 2: Union Density in the Philippines, by sector (average from 1953-2021)



Following this vignette are questions about his/her financial and employment worries, worries about aging, and current health situation. Therefore, controlling for confounding variables such as own economic worries is possible in the analysis.

## 4 Collective Bargaining in the Philippines

### 4.1 Dataset of all CBA provisions

In this paper, we collect and encode all CBAs filed in the Philippines between 2016 and 2021. Given limited resources, there is a trade-off between length and breadth—covering a longer time span allows us to track sectoral changes over time but encode fewer CBAs each year (perhaps focusing on certain sectors) and fewer indicators for each CBA. We have developed a codebook containing around 180 variables covering union and firm information, individual and union-level wage provisions, non-wage provisions, union responsibilities and obligations, and CBA-specific details. With a two-step internal consistency check consisting of random peer and supervisor validation, we minimize encoder-induced bias. Of the entire population of CBAs over the 6-year period, we have successfully obtained 1080 (95%) from the Department of Labor and Employment (DOLE). The remaining 5% of CBAs that have not been obtained are “missing” due to incomplete or corrupted file submissions by the regional and field offices.

### 4.2 Maternity and Paternity Leave Provisions

Looking more closely into the prevalence of maternity and paternity leaves in CBAs, we distinguish between **reinforcing provisions** that repeat, restate, or duplicate the statutorily guaranteed leaves on one hand and **augmenting provisions** that augment or exceed this guarantee. Figure 3 shows that around 62% and 70% of CBAs contain statutory maternity and paternity leave provisions, respectively. Broken down by year, there does not seem to be a clear upward or downward trend over time on average.

Figure 4b reports the incidence of CBAs that contain maternity and paternity leave provisions that are higher than what is statutorily provided. In total, around 4.4% and 5.4% of CBAs contain augmenting provisions for maternity and paternity leaves, respectively.

Looking at the sectoral heterogeneity might be informative to understand whether structural features of the labor market are reflected in cross-sectoral differences (e.g. gender composition and market concentration) affect the incidence of maternity and paternity leaves, both statutory and excess. Figures 4 and 5 report these cross-sector comparisons. Consider the Human Health and Social Work sector which encompasses nurses, caregivers, and social workers, among others. Arguably female-dominated, more than 10% of CBAs in this sector contain augmenting maternity leave provisions whereas not one CBA contains augmenting paternity leave provisions. Another interesting case is Mining and Quarrying, a male-dominated sector which has relatively high levels of profits and concentration. This

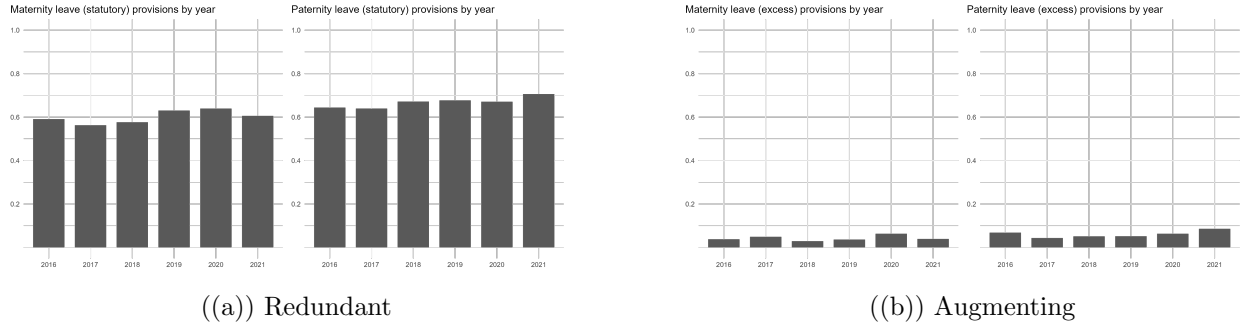
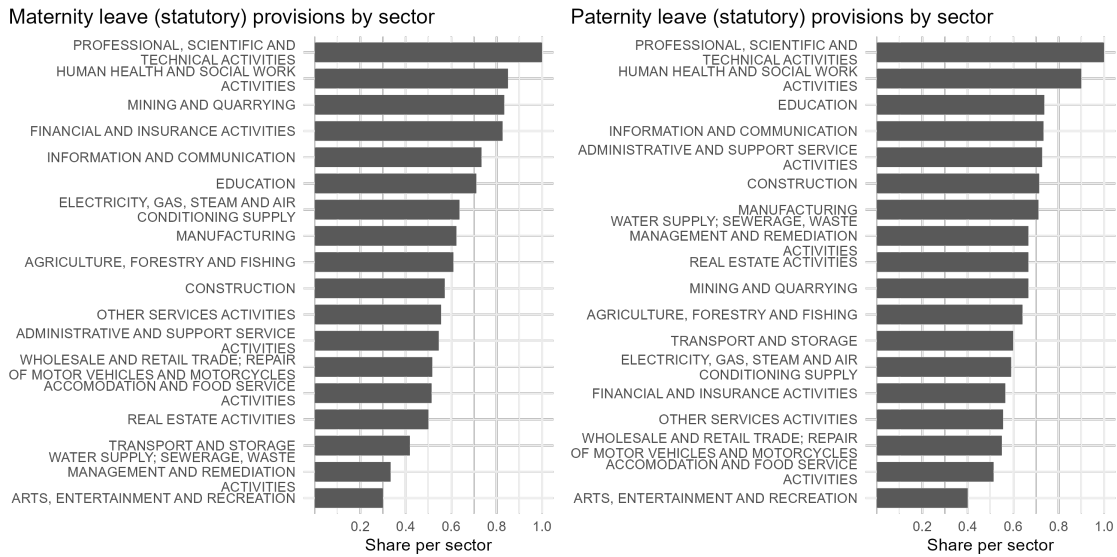


Figure 3: Share of CBAs with maternity and paternity leaves, by year

sector has more CBAs containing augmenting paternity leave provisions than maternity.

Figure 4: Share of CBAs with redundant leave provisions, by sector

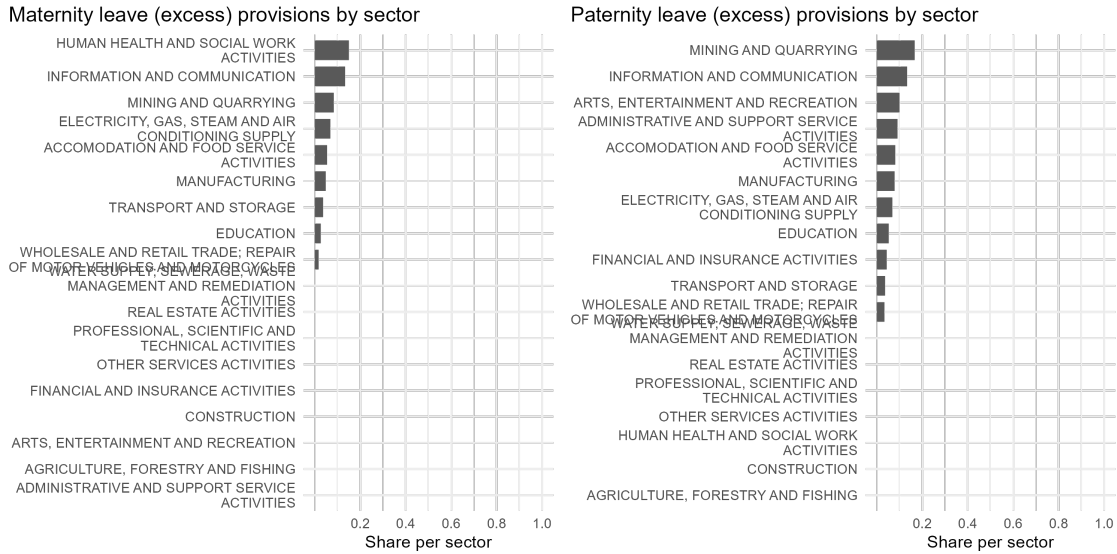


## 5 2019 Maternity Leave Reform

In this section, we propose an analysis of the effects of a 2019 maternity leave reform on the inclusion of maternity and paternity leaves in CBAs. The theoretical expectation is that the reform, which raised statutory leave entitlements and penalties for firms’ non-compliance, reduces the necessity and incentives for unions to bargain for the inclusion of maternity, and to some extent paternity, provisions in CBAs. The “complementarity” between CBAs and public policies has been time again a subject in the literature. [Baird and Murray \(2014\)](#) evaluates the effects of the introduction of a national paid parental leave (PPL) scheme in Australia in 2009 and actually finds an increase in the incidence of PPL provisions in CBAs



Figure 5: Share of CBAs with augmenting leave provisions, by sector



from 14% between 2005-2010 to 18% for those filed in 2010. In this section, we outline the changes in the maternity leave system in the Philippines and proffer a suitable identification strategy to determine the reform’s causal effect.

### 5.1 2019 Maternity Leave Reform

In 1954, the Philippine government passed the Social Security Law, the first legislation that ensured maternity leave benefits for female workers in the country. Its maternity leave provision was later amended in 1992 which increased entitlement to 60 days in case of normal delivery and 78 days for caesarian (Marcelo 2019). These benefits were adopted by Republic Act 8282 or the Social Security Act of 1997 and have remained stagnant for almost 3 decades (SSS 2016). Despite this expansion in maternity benefits, the country remained to be lagging behind its Southeast Asian neighbors since it had the lowest maternity leave entitlements. The passage of the 105-Day Expanded Maternity Leave Law in 2019 (“2019 reform”) increased maternity benefits in the country to 105 days. The Philippine government also approved the Paternity Leave Act of 1996 which offers 7-day paternity leave benefits to married male employees. However, no reforms have been introduced to improve the law since its enactment (Sanchez-Salcedo 2013).

The 2019 Expanded Maternity Leave Law is a consolidation of legislative bills filed in the House of Representatives on 17 October 2016 and in the Senate on 23 January 2017. The conference committee report on the bill was passed by the House of Representatives and the Senate on 19 November 2018 and 14 November 2018, respectively. The enrolled bill from



the 17th Congress was transmitted to the Office of the President on 21 January 2019 and was signed into law by former President Rodrigo Duterte on 20 February 2019 (on [Women 2021](#)). It took effect on 11 March 2019, 15 days after its publication in newspapers. To ensure proper implementation, the Department of Labor and Employment (DOLE), Social Security System (SSS), and Civil Service Commission (CSC) signed the implementing rules and regulations of the law on 1 May 2019 ([DOLE 2019](#)). These dates are important in terms of the determination of a structural break, which initially will be set at the date of effectivity (11 March 2019). This date onwards constitutes the “post-reform period”.

The 2019 reform covers female workers in the public sector regardless of their length of service and status of employment, female workers in the private sector, and in the informal economy who voluntarily paid a minimum of three months of social security contributions within twelve months before the semester of childbirth, pregnancy termination, or miscarriage, and female national athletes. The benefits are granted regardless of the civil status of the employee or the legitimacy of their child. Additionally, this reform extended the coverage to female employees whose services are legally terminated not more than 15 days, terminated without just cause, and those with pending administrative cases ([DOLE 2019](#)). This is an improvement since the pre-reform period has strict eligibility requirements and only covers female employees who paid a minimum of three months of social security contributions within twelve months before the semester of childbirth, pregnancy termination, or miscarriage ([SSS 2016](#)).

The 2019 reform substantially improves the maternity leaves offered to female workers in the country as well. The pre-reform period grants only 60 or 78 days of paid maternity leave depending on the mode of childbirth while the reform provides 105 maternity leave days for live birth regardless of the type of delivery and 60 days in case of emergency termination of pregnancy or miscarriage. This is a 27-45 day increase in paid leaves. An additional 30 days of unpaid leave may also be availed in case of live birth at the option of the employee. For solo parents, an additional 15 days of paid leave shall be provided. Further, maternity leave benefits under the new law can be availed by female employees for all pregnancies. This is in contrast with the previous law that limits the benefits only up to the fourth parity of pregnancy ([Marcelo 2019](#))

In addition, stricter penalties for non-compliance are likewise imposed. According to the implementing rules and regulations of the reform, employers or companies who refuse to comply with the provisions shall be fined an amount of PHP 20,000 to 200,000 (EUR 330 to 3300), face imprisonment of 6 to 12 years, and can be a sufficient basis for non-renewal of business permits ([DOLE 2019](#)). On the other hand, penalties for non-compliance in the previous law include a fine ranging from PHP 5,000 to 20,000 (EUR 84 to 330)

and imprisonment of 6 years and 1 day to 12 years (SSS 2016). Intra-couple transfers are likewise permitted under the 2019 reform as female employees may transfer one to seven days of their leave entitlements to the father of the child regardless of marital status or to any of the employee’s current partner or a fourth-degree relative, in case the biological father is absent or deceased (DOLE 2019). Leave transfers were not permitted pre-reform.

## 5.2 A priori expectation

In this analysis, we test the expectation that the reform reduced the necessity and incentive for unions to bargain for higher maternity and paternity leave entitlements. Simply put, when the state provides additional guarantees (e.g. on leaves, wages, or rights) which suffice workers’ demands, unions no longer need to bargain for additional entitlements of these provisions. Instead, they can leverage their power to bargain for other wage and non-wage benefits in the CBA. Since the 2019 reform was quite dramatic in terms of the guaranteed maternity leaves, we hypothesize **a reduction in CBAs including maternity leave provisions post-reform.**

## 5.3 Proposed Identification Strategy

Considering that the reform was uniformly imposed at the national level at the same time, there is no exogenous spatial or temporal variation that may be exploited to estimate its causal effect. At this point, two quasi-experimental designs are being tested. First, a Regression Discontinuity in Time (RDiT) design (Davis 2008; De Paola et al. 2013; Hausman and Rapson 2018; Valentim et al. 2021) might be suitable to identify the reform’s effect on the inclusion of family policies in CBAs. With time as the running variable, the effectivity date of the reform, 11th March 2019, is considered as the point of discontinuity. Clearly, there are disadvantages to this approach such as accounting for anticipation and sorting (e.g. the bill was passed by Congress in late 2018) and long-term treatment effect (e.g. effects not along the cut-off but in succeeding months and years).

On the other hand, a counterfactual analysis leveraging on the temporal variation of CBAs from different unions with the same Ultimate Parent Entity (UPE) is likewise employed. Consider a large company with various plants or offices— given the decentralized bargaining system in the Philippines, each workplace negotiates its own CBA with the company. To the extent that unions across different workplaces of the same UPE can be assumed comparable, the control units are CBAs from the same UPE that were signed pre-reform. The drawback of this approach is that there are only a few firms with multiple CBAs (see Table 1), thereby drastically reducing our sample size.

Table 1: Parent entities with more than 2 CBAs

Ultimate parent entity	Number of CBAs
Coca-Cola Beverages Philippines, Inc.	22
DOLE Philippines, Inc.	15
San Miguel Corporation	7
MD Agri-Ventures, Inc.	6
Pepsi Cola Products Philippines Incorporated	6
Republic Cement & Building Materials, Inc.	5
Universal Robina Corporation	5
Ateneo de Davao University	4
Highland Banana Corporation	4
Holcim Philippines, Inc.	4
Lapanday Agricultural and Development Corporation	4
Monde Nissin Corporation	4
Rebisco Biscuit Corporation	4
Toyota Motor Philippines Corporation	4
Alba Metal Corporation	3
Bank of the Philippine Islands	3
Cathay Pacific Steel Corporation	3
Clearplas Packaging Corporation	3
Energy Development Corporation	3
Honda Philippines Inc.	3
Isuzu Autoparts Manufacturing Corporation	3
Kawasaki Motors (Phils.) Corporation	3
Lead Export and Agro-Development Corporation	3
Liwayway Marketing Corporation	3
Manila Medical Services, Inc. (Manila Doctors Hospital)	3
Meralco Industrial Engineering Services Corporation	3
National College of Business and Arts	3
Saint Rose Transit, Incorporated	3

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