International Conference on Co-operatives in the Changing World of Work

Union of Legitimate Service Contracting Cooperatives (Philippines)

Indian Institute of Management Kazhikode (Kerala, India)
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Distinction between Workers Cooperative and Labor Service Cooperative
Workers Cooperatives own the business and their members work in the said business.
Labor Service Cooperatives deploy their members to different companies to render work, jobs, and services.
**Labor Service Cooperative**

- Members-Workers are also employees
- Members are deployed to work for another business
- Employer-Employee relationship exists
- Regulated by Cooperative Development Authority and Department of labor

**Workers Cooperative**

- Members-Workers are industrial partners
- Members work in their own business
- No Employer-Employee relationship
- Regulated by Cooperative Development Authority but not by Department of Labor
Labor Service Cooperatives in the Philippines
Labor Service Cooperatives in the Philippines

A sunshine sector in cooperative from early 2000 to present
Labor Service Cooperatives in the Philippines

Estimated cooperative members deployed to different industries is around 500,000.

ULSCC alone with 26 members, have 270,000 deployed workers.

Estimated number of cooperatives engaged in labor service sector is around 300.
Labor Service Cooperatives in the Philippines

Labor Service Cooperatives are favored by companies over private agencies.
Success Factors of Labor Service Cooperatives in the Philippines
Success Factors of Labor Service Cooperatives

Legal Compliance

- protect employees rights
- deliver required economic benefits
- due process in employee discipline
- respect security of tenure
Success Factors of Labor Service Cooperatives

Regular Employment VS Contractual Status

- retention of knowledge and skills
- higher productivity and efficiency
- cost-effective labor force
- less administrative works and costs
Success Factors of Labor Service Cooperatives

Cooperative Labor Service VS Private Labor Service

- focus on profit
- legal exposure
- purpose of business
- concern for employees
Success Factors of Labor Service Cooperatives

Corporate Social Responsibility component in dealing with cooperatives.
Since cooperatives distribute their surplus at the end of each year, there is no reason not to provide all the required economic benefits to their member-employees.
Compliance with financial obligations to employees is not as easy with private agencies who wants to protect their profits. This often resulted in legal exposures for their clients.
There was matching of compliant companies and compliant labor service cooperatives.
Challenges of Labor Service Cooperatives in the Philippines
Challenges of Labor Service Cooperatives

Poor Cooperative Image

- Designed for small businesses
- Mainly lending to members
- Intended for poor people
- Not professionally managed
- Not expected to grow and compete
Challenges of Labor Service Cooperatives

Lack of Cooperative Data

Number of cooperatives and their members
Benefits to community and social impact
Industry participation
Economic contributions
Generated employment
Challenges of Labor Service Cooperatives

Government Regulations

Conflicting regulations:

Bureau of Internal Revenue VS CDA
Department of Labor VS CDA
Challenges of Labor Service Cooperatives

Government Regulations

Changing regulations
Adversarial inspections
Inconsistent implementation
Challenges of Labor Service Cooperatives

Politicized Environment

Private labor service agencies
Labor unions
Legislators
Regulatory bodies
Perspectives on Labor Service Cooperatives
Labor service cooperatives success came as a surprise.
Labor service cooperative grew very fast in a short time, increased the volume of business, and dominated the industry.
Labor service cooperatives operate in the main stream business, attracted professionals, and too big to be true.
Labor service cooperatives do not fit with the common image and ideas of cooperatives.
Regulators and other stakeholders were not ready for the cooperatives operating as a big player because of their misunderstanding and poor image of cooperatives.
Due to poor appreciation and bad image, labor service cooperatives are being given a hard time by regulators, by competition, by labor union.
Cooperatives are looking to diversify to other businesses and reduce its dependency on labor service.
Having experienced main stream business and gaining talents from corporate world, labor service cooperatives are venturing to evolve and operate their own business.
Thank you!