Holiday Economics

Last July 17, President Aquino signed Proclamation 831 identifying the national holidays for 2015. The early proclamation is consistent with RA 9492, the law rationalizing the celebration of holidays, which provides that for movable holidays, a proclamation shall be issued at least six months prior to the concerned holiday.

While due notice is given to the public regarding the observance of holidays, the business community has since expressed concern over their increasing number over the last few years. The original number of regular and special holidays as contained in the 1987 Administrative Code[1] was only 12, while Proclamation 831 listed 18 national observances.

Holidays in the Philippines (Administrative Code of 1987)
1. New Year's Day
2. Maundy Thursday
3. Good Friday
4. Araw ng Kagitingan
5. Labor Day
6. Independence Day
7. National heroes Day
8. Bonifacio day
9. Christmas Day
10. Rizal Day
11. All Saints Day
12. Last day of the year

Similarly, Proclamation 655 s. 2013 also listed 18 national holidays for 2014:

A.   REGULAR HOLIDAYS

1.	New Year's Day	-	January 1
2.	Araw ng Kagitingan	-	April 9
3.	Maundy Thursday	-	April 17
4.	Good Friday	-	April 18
5.	Labor Day	-	May 1
6.	Independence Day	-	June 12
7.	National Heroes Day	-	August 25
8.	Bonifacio Day	-	November 30
9.	Christmas Day	-	December 25
10.	Rizal Day	-	December 30

B.   SPECIAL DAYS

11.	Chinese New Year	-	January 31
12.	Black Saturday	-	April 19
13.	Ninoy Aquino Day	-	August 21

[1]Section 26, Chapter 7, Book 1 of Executive Order 292 s. 1987
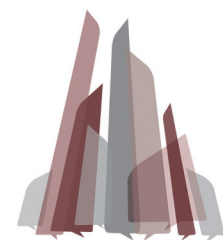
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14.   All Saints Day   -   November 1
15.   Additional special day   -   December 24
16.   Additional special day   -   December 26
17.   Last day of the year   -   December 31

C.   SPECIAL HOLIDAY (FOR ALL SCHOOLS)
18.   EDSA Revolution Anniversary - February 25

Meanwhile, Republic Acts 9177 and 9849, respectively, declares Eidl Fitr and Eidl Adha as national holidays, whereas they were previously regional holidays in the ARMM. Since these holidays are based on the Islamic Calendar, the National Commission on Muslim Filipinos recommends to the Office of the President when these holidays will be celebrated. Eidl Fitr was observed last July 29, as per Proclamation 826, while Eidl Adha was celebrated last October 6, as per Proclamation 875.

Furthermore, President Aquino signed Joint Resolution No. 2, which declares 27 July 2014 as a national (non-working) holiday in celebration of the 100th founding anniversary of the Iglesia ni Cristo (INC). Since the enactment of RA 9645 in 2009, the INC anniversary has been observed as a special working holiday throughout the country.

In total, the Philippines will be celebrating at least 20 national holidays, as well as one school holiday (EDSA Revolution Anniversary) in 2014.

> **Holidays for 2015**
> (Proclamation 831 s. 2014)
>
> **A. REGULAR HOLIDAYS**
> 1. New Year's Day
> 2. Maundy Thursday
> 3. Good Friday
> 4. Araw ng Kagitingan
> 5. Labor Day
> 6. Independence Day
> 7. National heroes Day
> 8. Bonifacio day
> 9. Christmas Day
> 10. Rizal Day
>
> **B. SPECIAL DAYS**
> 11. Chinese New Year
> 12. Black Saturday
> 13. Ninoy Aquino Day
> 14. All Saints Day
> 15. January 2
> 16. December 24
> 17. December 31
>
> **C. SPECIAL HOLIDAY**
>   (for all schools)
> 18. EDSA Revolution

Holidays in ASEAN

As in any other country, the Philippines observes days of historical, social, religious, and cultural importance. The number of holidays observed in the Philippines, however, is above the ASEAN average of 15. This number may vary as there are special days that are not necessarily observed annually. For instance in 2014, Indonesia observed holidays during its two elections, while the Philippines celebrated the centenary of the Iglesia ni Cristo.

Number of Days of National Observances in ASEAN (for 2014)

Economy	Number of days	Economy	Number of days
Brunei	16	Myanmar	25
Cambodia	27	Philippines	20
Indonesia	17	Singapore	11
Lao PDR	10	Thailand	15
Malaysia	15	Timor Leste	15
Myanmar	25	Vietnam	10

Source: Arangkada, compiled by author

Certain holidays have fixed dates, whereas some are movable, such as religious holidays or holidays based on specific calendars. It is a common practice in Brunei, Cambodia, Malaysia, Singapore, and Thailand to move the holiday to the following Monday in case the original date of the holiday falls on a Saturday or Sunday. In the case of Indonesia, Myanmar, and Timor Leste, no additional day is allotted even if the holiday falls on a weekend.

However, the Indonesian government announced "cuti bersama", or joint leaves, which instituted long weekends. So, aside from the 15 public holidays in the country, there are four additional non-working days that extend the celebration of Eidl Fitr by three days and Christmas by an extra day. These joint leaves are usually factored in an employee's annual leave. Furthermore, Indonesian legislative elections (April 9) and their presidential election (July 9) are likewise declared as holidays. On the other hand, Myanmar included a nine-day continuous public holiday, occurring during the Burmese New Year Water Festival (Maha Thingyan).

In 2001, President Gloria Macapagal-Arroyo adopted its version of long weekends, termed as "holiday economics", in order to boost domestic tourism. The policy allows certain movable holidays to be observed on a Monday or Friday to allow long weekends during the year. This policy was institutionalized by RA 9492 in 2007.

According to Labor Secretary Rosalinda Baldoz, holidays have been seen as stimulants of domestic consumption since people have extra days for recreation and other activities.[2]

However, the Department of Labor and Employment's (DOLE) Institute for Labor Studies argues that holiday economics has a negligible to negative impact to local tourism and employment.[3] A possible reason cited is the tendency of firms to avoid incurring higher employee compensation costs should they continue to operate during holidays.

Furthermore, despite the opportunity for an additional vacation day, potential local tourists may be constrained by other pressing factors such as the financial and time costs of transportation, a locality's peace and order situation, and the low level of disposable income.

The Business Costs of a Day Off

From a business perspective, more non-working holidays translate to less time in the production cycle. For companies that cannot afford to have a day off in their operations, this means higher production costs, since the law provides for a premium for work performed on a rest day and special days. This, nevertheless, does not count workers operating on a "no work-no pay scheme."

The Business Process Outsourcing industry is among the most affected with regard to higher costs due to holidays, since most of their services cater to foreign clients, thus requiring them to operate even during declared non-working days in the Philippines.

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[2]*DOLE: Too many holidays not good for economy, workers' pay. Retrieved 12 September 2014. http://www.gmanetwork.com/news/story/249055/economy/business/dole-too-many-holidays-not-good-for-economy-workers-pay*

[3]*Yarcia, D. (2007). Is Holiday Economics Good for the Tourism Sector? -The Philippine Case. 10th National Convention on Statistics EDSA Shangri-La Hotel. Retrieved 17 September 2014. http://www.nscb.gov.ph/ncs/10thNCS/papers/contributed%20papers/cps-07/cps07-02.pdf*

According to the latest figure from the IT and Business Processing Association of the Philippines (IBPAP), the total cost of the 18 non-working holidays in 2012 is $13 billion; that is $929.25 per day per employee for over 777,000 full time employees (FTEs).

For 2014, given the estimated 1.04 million FTEs, the loss of a firm per day is $966.38. Assuming that there are 20 holidays this year, the industry's total loss will be $19.33 billion.

With the above losses owing to holidays, the IBPAP further states that the Philippine IT-BPM industry is steadily losing its cost competitiveness, especially against its main competitor, India.

The Semiconductors and Electronics Industries in the Philippines, meanwhile, pegs their industry's employment cost at P1.2 billion per non-working holiday, and consequently about P24 billion for the 20 holidays in 2014. This amount is already triple the 2014 budget of DOLE (P8 billion), and roughly over eight times more than the Department of Trade and Industry's (DTI) P2.8 billion[4] allocation this year. The losses are a significant factor, given that the electronics industry generates over 1.89 million direct and indirect jobs, as well as accounts for over 40% of the country's exports.

Cost is also a critical issue for micro, small and medium enterprises (MSMEs) that will face difficulty in shouldering the additional labor expenses, should they opt to operate on holidays. As a consequence of all these, the additional costs will be reflected in the prices of goods and services, thereby putting these enterprises at a disadvantage as they compete with other businesses of varying sizes.

> **DOLE Memorandum Circular No. 01 s. 2004**
> Pay rates guidelines for the private sector during holiday declarations:
>
> **For regular holidays**
> 1. If it is an employee's regular workday:
>   If unworked – 100%
>   If worked – 200% for the 1st 8 hours; plus 30% of hourly rate on said day, in excess of 8 hours
> 2. If it is an employee's rest day:
>   If unworked – 100%
>   If worked – 200% plus 30% of 200% for the 1st 8 hours; plus 30% of hourly rate on said day, in excess of 8 hours
>
> **For special days**
> 1. If it is an employee's regular workday:
>   If unworked – No pay, unless there is a favorable company policy, practice or collective bargaining agreement (CBA) granting payment of wages on special days even if unworked.
>   If worked – plus 30% of the daily rate of 100% for the 1st 8 hours; plus 30% of hourly rate on said day, excess of 8 hours
> 2. If it is an employee's rest day:
>   If worked – plus 50% of the daily rate of 100% for the 1st 8 hours; plus 30% of hourly rate on said day, in excess of 8 hours

As with the electronics industry, the apparent national policy of having a high number of holidays must be carefully studied as it greatly impacts MSMEs, since these business account for 61% of employment and provide value-added to the economy at 35.7%, while comprising 99.6% of all registered enterprises in the country. The MSME Development Plan 2011-2016 targets to raise gross value added to 40% and generate two million jobs in the next two years.

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[4]*http://budgetngbayan.com/summary-of-allocations/#dept*

More and counting

During the 15th Congress, Rep. Salvador Escudero III filed HB 4081, which declares all regular and specials holidays as working holidays except for (1)New Year's Day, (2)Maundy Thursday, (3)Good Friday, (4)Independence Day, (5)Christmas Day, (6)General Election Day, (7)Eidl Fitr, (8)Eidl Adha and (9)All Saints Day. Should this have been enacted, the country will have had the lowest count of non-working days in the region. In the present Congress, no similar bill has been filed, and instead, additional holidays have been proposed by several measures.

Non-working holiday measures filed in Congress

Observance	House	Senate
Chinese New Year	HBs 1215, 1699, 2500, 2964, 3386, 3573 - PIC	SBs 1106, 1908 – PIC
Day of Goodwill (26 December)		SB 412 – PIC
Iglesia ni Cristo Day (27 July)	HB 4654[5] – PIC	
Melchora Aquino (6 January)	HR 11 – PIC	
Farmers and Fisherfolk Day (15 May)	HB 4478 – P2R	SB 1494 – PIC
First Mass in the Philippines (31 March)	HB 1745 – PIC	
First Philippine Republic (23 January)	HB 657 – PIC	
Lapu-Lapu Day (27 April)		SB 1981 – PIC
Paskong Pinoy (25 December – 1 January)	HB 597 – PIC	SB 1457 – PIC
Tuesday after May election	HB 4112 – A3R	
Women's Day (8 March)	HB 1035 – PIC	

Source: House of Representatives and Senate

Regarding localized holidays, HB 4081 declares all local foundation days as working holidays. These local holidays are commonly celebrated in commemoration of the founding anniversary of a specific municipality, city, or province. There are also celebrations that are religious and cultural in nature, which often goes down to the barangay level.

Respective localities in the National Capital Region have at least one additional local holiday – Foundation Day. San Juan City, while celebrating their founding anniversary as a municipality on March 27, also has another non-working holiday, June 24, being the feast of their patron St. John the Baptist.

There are, however, several areas which have more than two non-working local holidays, and as such, may have significant effect to certain local businesses.

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[5]*Declaring every 27 July a special non-working holiday was filed after Joint Resolution No. 2 was enacted by the President.*

A good illustration is Bulacan. If an enterprise is located in the province, for example, it will have seven additional non-working days, on top of the 20 national holidays in 2014:

1. Birth anniversary of Marcelo Del Pilar, August 30 (Republic Act 7449 s. 1992)
2. Birth Anniversary of Francisco Balagtas, April 2 (Proclamation 730 s. 2014)
3. Bulacan Foundation Day, August 15 (Proclamation 823 s. 2014)
4. Anniversary of the Inauguration of the First Philippine Republic, January 23 (Proclamation 708 s. 2014)
5. Birth Anniversary of Blas Ople, February 3 (Proclamation 709 s. 2014)
6. Clean-up after Iglesia ni Cristo Centennial Celebration, July 28 (Proclamation 837 s. 2014)
7. Local holiday of a city or municipality

Indeed, while holidays are necessary to provide a brief respite from continuous operations, it appears that greater prudence in their declaration both at the national and local levels is necessary, such that these breaks function as enhancers, rather than hindrances, to employee and economic productivity.