
DEPARTMENT ORDER NO. 05-92

February 4, 1992

**RULE XIV OF THE RULES IMPLEMENTING
BOOK III OF THE LABOR CODE ON
EMPLOYMENT OF HOMEWORKERS**

By virtue of the power vested in the Secretary of Labor and Employment under Articles 5, 153 and 154 of the Labor Code of the Philippines, as amended, the following regulations governing the employment of homeworkers are hereby issued and shall constitute Rule XIV, Book Three of the Rules Implementing the Labor Code.

SECTION 1. General statement on coverage. — This Rule shall apply to any person who performs industrial homework for an employer, contractor or sub-contractor.

SECTION 2. Definitions. — As used in this Rule, the following terms shall have the meanings indicated hereunder:

- (a) “Industrial Homework” is a system of production under which work for an employer or contractor is carried out by a homeworker at his/her home. Materials may or may not be furnished by the employer or contractor.

It differs from regular factory production principally in that, it is a decentralized form of production where there is ordinarily very little supervision or regulation of methods of work.

- (b) “Industrial Homeworker” means a worker who is engaged in industrial homework.

- (c) “Home” means any room, house, apartment or other premises used regularly, in whole or in part, as dwelling place, except those situated within the premises or compound of an employer, contractor or subcontractor and the work performed therein is under the active or personal supervision by or for the latter.
- (d) “Employer” means any natural or artificial person who, for his own account or benefit, or on behalf of any person residing outside the Philippines, directly or indirectly, or through any employee, agent, contractor, subcontractor, or any other person:
 - (1) delivers or causes to be delivered any goods, articles or materials to be processed or fabricated in or about a home and thereafter to be returned or to be disposed of or distributed in accordance with his direction; or
 - (2) sells any goods, articles or materials for the purpose of having such goods or articles processed in or about a home and then repurchases them himself or through another after such processing.
- (e) “Contractor” or “subcontractor” means any person who, for the account or benefit of an employer, delivers or causes to be delivered to a homemaker goods or articles to be processed in or about his home and thereafter to be returned, disposed of or distributed in accordance with the direction of the employer.
- (f) “Processing” means manufacturing, fabricating, finishing, repairing, altering, packing, wrapping or handling in any way connected with the production or preparation of an article or material.
- (g) “Cooperative” is an association registered under the Cooperative Code of the Philippines.

- (h) “Department” means the Department of Labor and Employment.

SECTION 3. Self-Organization. — Homeworkers shall have the right to form, join or assist organizations of their own choosing, in accordance with law.

SECTION 4. Registration of Homeworkers’ Organization. — Any applicant homeworker organization or association shall acquire legal personality, and shall be entitled to the rights and privileges granted by law to legitimate labor organizations upon issuance of the certificate of registration based on the following requirements:

- (a) Fifty-five Pesos (P55.00) registration fee;
- (b) The names of its officers, their addresses, the principal address of the homeworkers organization, the minutes of the organizational meetings and the list of workers who participated in such meetings;
- (c) The names of all its members comprising at least 20 percent of all the workers in the bargaining unit where it seeks to operate, if applicable;
- (d) If the applicant has been in existence for one or more years, copies of its annual financial reports; and
- (e) Four copies of the constitution and by-laws of the applicant organization, the minutes of its adoption or ratification and the list of members who participated in it.

SECTION 5. Registration of Employer, Contractor and Subcontractor. — The Department shall, as soon as possible, conduct consultation meetings with government agencies requiring registration of employers and determine if the data being supplied by the registration forms of such agencies are the same as or similar those needed by the Department in the implementation of this regulations. If the registration forms of other agencies do not provide the data needed by DOLE, it shall inquire into the possibility of

adopting a common registration form with other agencies that will provide the data needed by all the agencies concerned.

SECTION 6. Payment for homework. — Immediately upon receipt of the finished goods or articles, the employer shall pay the homemaker or the contractor or subcontractor, as the case may be, for the work performed less corresponding homeworkers' share of SSS, MEDICARE and ECC premium contributions which shall be remitted by the contractor/subcontractor or employer to the SSS with the employers' share. However, where payment is made to a contractor or subcontractor, the homemaker shall likewise be paid immediately after the goods or articles have been collected from the workers.

SECTION 7. Standard rates. — At the initiative of the Department or upon petition of any interested party, the Secretary of Labor and Employment or his authorized representative shall establish the standard output rate or standard minimum rate in appropriate orders for the particular work or processing to be performed by the homeworkers.

The standard output rates or piece rates shall be determined through any of the following procedures:

- (a) time and motion studies;
- (b) an individual/collective agreement between the employer and its workers as approved by the Secretary or his authorized representative;
- (c) consultation with representatives of employers and workers organizations in a tripartite conference called by the Secretary.

The time and motion studies shall be undertaken by the Regional Office having jurisdiction over the location of the premise/s used regularly by the homemaker/s. However, where the job operation or activity is being likewise performed by regular factory workers at the factory or premises if the employer, the time and motion studies shall be conducted by the Regional Office having jurisdiction over the

location of the main undertaking or business of the employer. Piece rates established through time and motion studies conducted at the factory or main undertaking of the employer shall be applicable to the homeworkers performing the same job activity. The standard piece rate shall be issued by the Regional Office within one month after a request has been made at said office.

Upon request of the Regional Office, the Bureau of Working Conditions shall provide assistance in the conduct of such studies.

Non-compliance with the established standard rates can be the subject of complaint which shall be filed at the Regional Office.

SECTION 8. Deductions. — No employer, contractor, or subcontractor shall make any deduction from the homeworke^r's earnings for the value of materials which have been lost, destroyed, soiled or otherwise damaged unless the following conditions are met:

- (a) the homeworke^r concerned is clearly shown to be responsible for the loss or damage;
- (b) the homeworke^r is given reasonable opportunity to show cause why deductions should not be made;
- (c) the amount of such deduction is fair and reasonable and shall not exceed the actual loss or damage; and
- (d) the deduction is made at such rate that the amount deducted does not exceed 20% of the homeworke^r's earnings in a week.

SECTION 9. Conditions for payment of work.

- (a) The employer may require the homeworke^r to redo the work which has been improperly executed without having to pay the stipulated rate again.
- (b) An employer, contractor, or subcontractor need not pay the homeworke^r for any work which has been done on goods

and articles which have been returned for reasons attributable to the fault of the homeworker.

SECTION 10. Enforcement Power. — The Regional Director shall have the power to order and administer compliance with the provisions of the law and regulations affecting the terms and conditions of employment of homeworkers and shall have the jurisdiction in cases involving violations of this Rule.

Complaints for violations of labor standards and the terms and conditions of employment involving money claims of homeworkers in an amount of not more than P5,000 per homeworker shall be heard and decided by the Regional Director. He shall have the power to order and administer; after due notice and hearing, compliance with the provisions of this Rule.

In cases where the findings of the Regional Office show that the money claims due a homeworker exceed P5,000, the same shall be endorsed to the appropriate Regional Arbitration Branch of the National Labor Relations Commission.

Non-compliance with the order issued by the Regional Director can be the subject of prosecution in accordance with the penal provisions of the Labor Code.

In cases of disagreement between the homeworker and the employer, contractor, or subcontractor on a matter falling under this Rule, either party may refer the case to the Regional Office having jurisdiction over the workplace of the homeworker. The Regional Office shall decide the case within ten (10) working days from receipt of the case. Its decision shall be final and executory.

SECTION 11. Duties of employer, contractor and subcontractor. — Whenever an employer shall contract with another for the performance of the employer's work, it shall be the duty of such employer to provide in such contract that the employees or homeworkers of the contractor and the latter's subcontractor shall be paid in accordance with the provisions of this Rule. In the event that such contractor or subcontractor fails to pay the wages or earnings of his employees or homeworkers as specified in this Rule, such

employer shall be jointly and severally liable with the contractor or subcontractor to the workers of the latter, to the extent that such work is performed under such contract, in the same manner as if the employees or homeworkers were directly engaged by the employer. The employer, contractor or subcontractor shall assist the homeworkers in the maintenance of basic safe and healthful working conditions at the homeworkers' place of work.

SECTION 12. Employment of Minor as Homeworkers. — The provisions governing the employment of minors under this Code as well as the provisions on working children under the Child and Youth Welfare Code shall govern the employment of minors as homeworkers.

SECTION 13. Prohibitions for homework. — No homework shall be performed on the following: (1) explosives, fireworks and articles of like character; (2) drugs and poisons; and (3) other articles, the processing of which requires exposure to toxic substances.

SECTION 14. Assistance to Registered Homeworkers' Organizations, Employers, Contractors and Subcontractors. — The Regional Office shall provide technical assistance to registered homeworkers' organizations, employers, contractors and subcontractors relative to the following:

- (a) Information on wages and other benefits;
- (b) Conduct of time and motion studies to ensure fair and reasonable output rates;
- (c) Skills training;
- (d) Maintenance of safe and healthful conditions at the workplace.
- (e) Information on entitlement to social security and employees compensation benefits;
- (f) Facilitation of loans with government and non-government financial institutions; and

- (g) Information on availment of housing programs under PAG-IBIG.

SECTION 15. Effect on other regulations. — This Department Order shall be known as Rule XIV, Book III of the Rules Implementing the Labor Code entitled Employment of Homeworkers and shall not be construed as authorizing the withdrawal or reduction of any existing benefit of homeworkers provided under any law, order, agreement, and employer practice or policy.

SECTION 16. Effectivity. — This Rule shall take effect fifteen (15) days after publication of its adoption in two (2) newspapers of general circulation.

(SGD.)
RUBEN D. TORRES
Secretary