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Compensation income disparities among minimum wage earners in Naga City

Brioso, Elmer G., Danao, Crisha., Lorca, Shane Azenith M., Ocol, Jason R., Ogarte, Nico A. & Panambo, Andrea Isabelle S.

Corresponding author: *shaneazenith.lorca@unc.edu.ph*

Abstract:

Compensation income disparity affects the economic equity of minimum wage earners in Naga City. The study aimed to identify the different causes, such as academic qualifications, work experience, special skills, and gender dynamics, along with economic, social, and political factors. With this, mitigation strategies were developed based on the study's findings as a policy brief to help policymakers identify practical actions for reducing income disparities, particularly among minimum wage earners. Using a descriptive-correlational design, the researchers conducted surveys and interviews with one hundred (100) respondents, which revealed that compensation income disparity in Naga City is influenced by academic qualifications, work experience, and special skills, with subtle gender biases contributing to unequal pay and promotion opportunities; economic, social, and political factors moderately affect compensation income disparity in Naga City, with inflation and politicians' decisions having the highest impact, while rising population growth, flexible work hours, and the political party system are less influential; employees' compensation is influenced more by experience and qualifications than by gender, with a moderate link to economic factors and minimal gender impact on wage determination. Findings revealed pressing issues affecting minimum wage earners and paved the way for equitable policies that promote fair compensation and improve economic opportunities for the city's workforce

Keywords:

Compensation Income Disparity, Minimum Wage Earners, Academic Qualifications, Work Experience, Special Skills, Gender Dynamics, and Mitigation Strategies.

INTRODUCTION

Compensation income disparity, defined as the unequal distribution of income, presents a significant global challenge in the economy and society. Those from advanced economies are witnessing the widest gap between the rich and the poor in decades, which limits opportunities and concentrates power among a select few (Dabla-Norris et al., 2015). In the Philippine context, a 2018 Gini coefficient of 42.3 percent reflects severe inequality; low-wage workers remain trapped in poverty while the wealthy continue to accumulate resources. This perpetuates intergenerational inequality and hinders mobility (Miguel et al., 2022). Economic disparity is also noticeable in the country, in which low-paid employees find themselves stuck in low-wage jobs while the wealthy grow richer, obstructing the social and economic mobility of each individual. These trends highlight the need for policy interventions to resolve economic and social imbalances in the country.

Naga City, as an independent city, offers lots of job opportunities but faces challenges because of the rising living costs and prices for goods. These issues disproportionately affect minimum-wage earners. Even though there was a recent ₱30 wage increase that raised the daily minimum wage to ₱395 in the Bicol region, residents still struggle to meet their basic needs. This situation highlights significant income disparities within the community. The study addresses the lack of understanding regarding how these causes and factors specifically manifest and interact within the distinct context of Naga City. Study also aimed to uncover the main causes of compensation income disparity in Naga City and provide policymakers with targeted recommendations to promote greater economic equity and social mobility within the community.

This study focused on identifying significant variables and causes of compensation income disparities, specifically in relation to academic qualifications, work experience, special skills, and gender dynamics. It analyzed these factors within the economic, social, and political contexts to assess their impact on reducing compensation income disparities. The researcher aimed to evaluate the effectiveness of mitigation strategies in addressing compensation income disparities within the community of Naga City. Participation in surveys and interviews was limited to Naga City residents employed and willing to participate in the research. The study targeted male and female employees, particularly minimum wage earners in major establishments such as Robinsons Mall, Grand Master Mall, SM, and Puregold in Naga City, who had experienced income disparities. Data collection occurred from August 8, 2024, to August 17, 2024.

Research Objectives:

Generally, this study investigated the compensation income disparity among minimum wage earners in Naga City, focusing on the mitigation strategies that will guide policymakers in addressing the issue. Specifically, it answered the following objectives:

1. What are the causes of compensation income disparity in Naga City, along with

academic qualifications, work experience, special skills, and gender dynamics?

2. What are the factors affecting compensation income disparity, along with economic, social, and political aspects?

3. How are the various causes of compensation income disparity related to economic, social, and political aspects?

4. What mitigation strategies can be developed to provide direction to policymakers in handling the effects of compensation income disparity in Naga City?

Theoretical Framework

THEORY OF LABOR MARKET SEGMENTATION
Machiel et al. (1973) in Simon (2013)
"Addressing Labor Market Segmentation; of Labor Law."
The Role Labor markets exhibit segmentation, wherein workers are categorized into distinct segments characterized differing by levels of benefits, wages, and job security.

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HUMAN CAPITAL THEORY
Reder M. W. (1967) in Prasetyo P. (2020)
"Human Capital as the Main Determinant Regional Growth" of Economic Assert that individuals' investment in education, training, and skills development enhances their productivity and earning potential.

THEORY OF PERSISTENT INCOME INEQUALITY
Steven D. (1996) in Robert M. (2018)
"Income Inequality and the Persistence of Racial Economic Disparities." Studies interaction the complex of factors that contribute to long-term inequities in income and wealth distribution within societies.
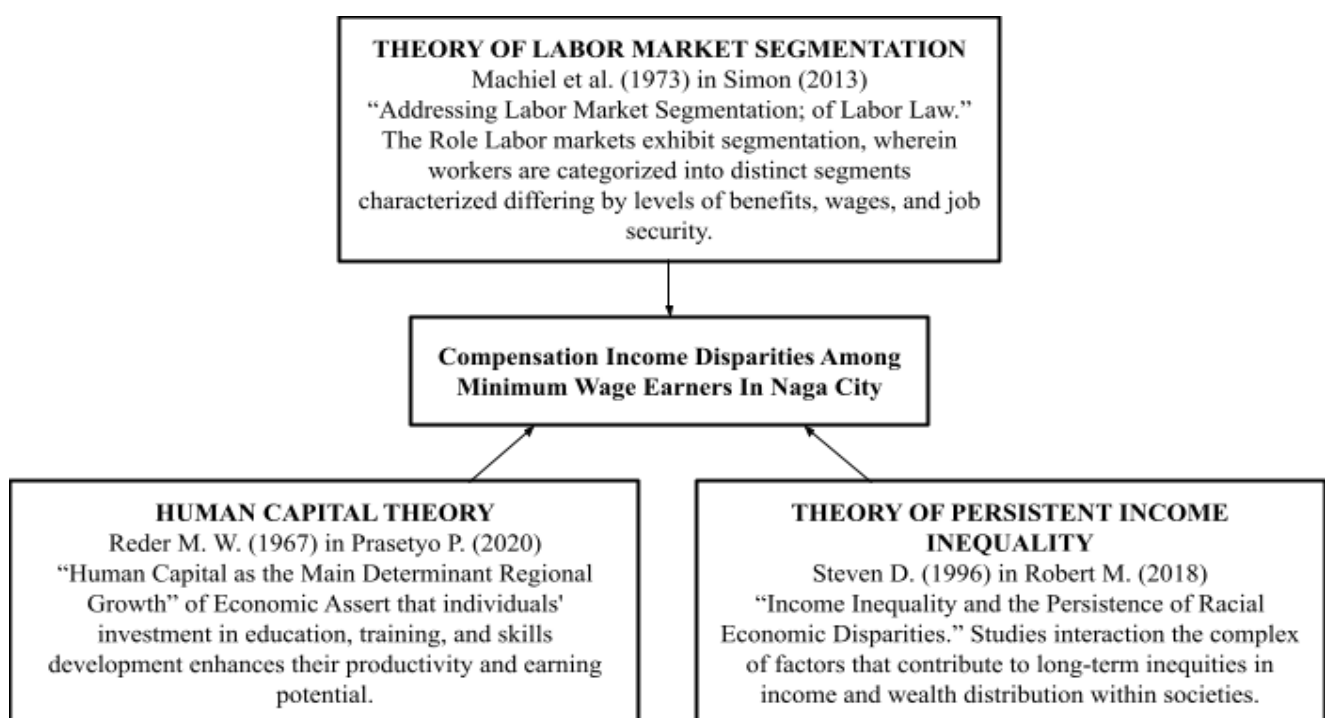
Figure 1. Theoretical Paradigm

Figure 1 presented the vital theories that served as a guide in conducting the study. The theory of Labor Market Segmentation by Machiel et al. (1973) describes how labor markets are divided into categories with varying wages, benefits, and job security, resulting in poor job quality and discrimination. Simon (2013) highlights that these divisions often relate to skill, education, race, gender, and immigration status, with primary sector workers enjoying greater stability and higher wages compared to those in the secondary sector. Understanding this segmentation can help policymakers target strategies to address income disparities and improve job quality, ensuring all citizens have access to stable job opportunities and promoting economic equity in the city.

Human Capital Theory emphasizes that individual talents, knowledge, and abilities are vital for enhancing productivity and earning potential (Reder, 1967). Developing human capital equips workers with advanced skills, leading to innovation, increased productivity, and economic diversification in regions with higher human capital. Educated individuals adapt better to technological advancements and contribute to research and development in high-value industries (Prasetyo, 2020). This theory is vital for the study as it provides a framework for analyzing how investments in education, training, and skill development can address global disparities in human capital.

The theory of persistent income inequality argues that various factors contribute to ongoing unequal earnings and wealth distribution within countries. Technological advancements, like automation and globalization, primarily benefit high-skilled workers, widening the gap with low-skilled laborers (Steven D., 1996).

Consequently, the wealthiest individuals—who represent a small portion of the population—have seen significant income increases, while earnings for the poor and middle class have declined (Robert M., 2018). This theory is crucial to the study, highlighting the necessity of structural policy interventions to effectively address income disparities and promote economic equity.
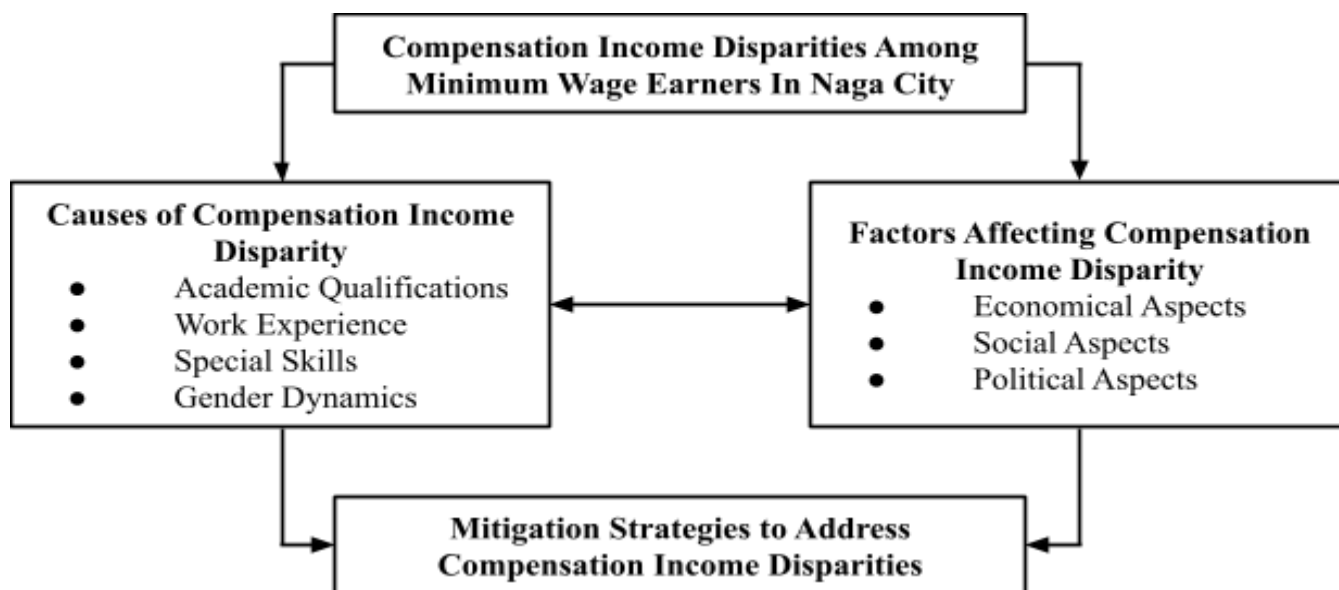
Conceptual Framework

Figure 2. Conceptual Paradigm

Figure 2 illustrated the conceptual paradigm that aimed to illuminate the study entitled "Compensation Income Disparities among Minimum Wage Earners in Naga City." The compensation income disparity in Naga City is the dependent variable, while the causes and factors of compensation income disparity were the independent variables. To analyze the relations that contribute to the variables of this study, academic qualifications, work experience, special skills, and gender dynamics, along with economic, social, and political

aspects, were examined to get the information needed to create effective and efficient mitigation strategies. Lastly, the formulated mitigation strategies will guide policymakers in handling the effects of income disparity.

METHODS

Research Methods

This study employed a descriptive correlational research design and used a mixed-method approach that included both qualitative and quantitative research methods. The mixed-method approach was adopted as it enabled an in-depth exploration of the correlation between various causes contributing to compensation income disparity and economic, social, and political factors. The qualitative methods involved open-ended questions through interviews with participants, while the quantitative methods utilized surveys for a thorough analysis of the findings. The correlational research design was utilized in the relationship between the various causes of compensation income disparity and the economic, social, and political aspects.

Documentary analysis was conducted to identify the parameters necessary for using the primary research instruments, which include structured questionnaires and semi-structured interviews based on the data statistics and other documents. Each respondent was surveyed consecutively with both research instruments using a structured questionnaire that employed a Likert scale to assess their opinions on various economic, social, and political parameters.The questionnaire was segmented into four sections. Part 1 was the demographic profile of the respondents. Part 2 included the manifestation of the causes of compensation income disparities. Based on their observation, they were allowed to choose from the given scale: 5 - Very Highly Manifested, 4 - Highly Manifested, 3 - Manifested, 2 - Somehow Manifested, and 1 - Not Manifested. Part 3 tackled the impact of the factors affecting compensation income disparities within economic, social, and political aspects, given the scale of 5 - Highly Affecting, 4 - Moderately Affecting, 3 - Neutral, 2 - Slightly Affecting, and 1 - Not Affecting at All. In Part 4, open-ended questions were posed regarding various aspects of compensation income disparity.

Sampling Procedures

This study utilized non-probability sampling, specifically through convenience purposive sampling methods. The researchers conducted an online and physical survey among minimum wage earners in major establishments such as Robinsons Mall, Grand Master Mall, SM, and Puregold in Naga City. The researchers conducted surveys and interviews with one hundred (100) respondents. The respondents were given a letter of permission before the start of the survey. The participation of the respondents is optional, and they had the right to decline or withdraw at any time. All collected data would be treated with the utmost confidentiality and used solely for the study.

RESULTS AND DISCUSSIONS

Profile of the Respondents

Table 1.1 Respondent's Profile

Age	Frequency	%	r
18-24	60	60%	1
25-30	29	29%	2
31-35	3	3%	4
36-40	8	8%	3
Total	**100**	**100%**	
Gender			
Male	48	48%	2
Female	51	51%	1
Non-Binary	1	1	3
Total	**100**	**100%**	
Educational Attainment			
Primary Education	3	3%	3
Secondary Education	36	56%	2
College Level	58	58%	1
Post-Graduate	3	3%	3
No Formal Education	0	0%	4
Total	**100**	**100%**	
Years of Experience			
Less than 1 year	53	53%	1
1-5 years	41	41%	2
6-10 years	4	4%	3
More than 10 years	2	1%	4
Total	**100**	**100%**	
Certification			
Yes	40	40%	2
No	60	60%	1
Total	**100**	**100%**	

Table 1.1 outlines the target respondents for this study, focusing on male and female minimum wage earners aged 18 to 50 in establishments like Robinsons Mall, Grand Master Mall, SM, and Puregold in Naga City. This age range is based on the Multidimensional

Work Motivation Scale, which shows that most workers are in their twenties (54%), followed by thirties (28%), forties (13%), and fifties (5%)—all experiencing minimum wage (Cabahug-Fugoso, G. L., 2019).

The researchers employed purposive-convenience sampling to select participants with firsthand experience in compensation income disparities. This method allowed for efficiently recruiting 100 employees while focusing on relevant characteristics related to the study's objectives.

Academic Qualifications

Table 2.1 Causes of Compensation Income Disparity in Naga City with regards to Academic Qualifications

Parameters	Mean	Rank	Interpretation
Employers in Naga City pay more attention to education than work experience when deciding pay.	3.11	4	M
The mismatch between educational background and job requirements contributes to unequal compensation among workers in Naga City.	3.09	5	M
Workers with higher education get paid more than those with less education.	3.31	3	M
Jobs that need specific degrees pay better than jobs that don't.	3.55	1	HM
More educated workers get promoted and receive raises more often.	3.41	2	M
Overall Mean	**3.29**		**M**
Note: 4.50-5.00 - Very Highly Manifested (VHM); 3.50-4.49 - Highly Manifested (HM); 2.50-3.49 - Manifested (M); 1.50-2.49 - Somehow Manifested (SM); 1.00-1.49 - Not Manifested (NM)			

Table 2.1 shows that "more years of work experience leads to higher wages among workers in Naga City" scored the highest at 3.37, interpreted as "manifested." In contrast, "transitioned from the public to the private sector, expecting a significant increase in compensation," ranked lowest with a mean score of 2.92, also "manifested." The overall average of 3.12 suggests a manifested connection between work experience and compensation disparities.

Work experience enhances skills and productivity, often resulting in better wages over time. However, the anticipated salary increase when shifting from the public to the private sector may not materialize, highlighting a gap between expectations and reality. The private sector prioritizes adaptability and performance rather than just tenure. Other factors, such as job complexity and economic conditions, also significantly influence wages.

The 2023 World Bank report on the Philippines reveals significant income disparities linked to academic qualifications, showing that over 80% of workers in high-skill jobs have completed secondary or higher education. Research by Miguel et al. (2022) and Blair et al. (2021) indicates that education serves as a pathway to better-paying jobs, with employers often prioritizing formal qualifications over experience, particularly in Naga City. Consequently, this focus on education contributes to income disparities, as those with

higher qualifications tend to receive better compensation and more promotion opportunities.

Work Experience

Table 2.2 Causes of Compensation Income Disparity in Naga City with Regard to Work Experience

Parameters	Mean	Rank	Interpretation
More years of work experience leads to higher wages among workers in Naga City.	3.37	1	M
The job role has expanded to include new tasks and responsibilities; these responsibilities affect compensation income disparity in Naga City.	3.16	2	M
Working in a part of Naga City with a higher cost of living leads to higher wages to compensate for the increased expenses associated with living in the city.	3.06	4	M
Older employees are often overlooked for promotions and salary increases compared to younger employees, and age discrimination impacts career advancement and income.	3.1	3	M
Transitioned from the public to the private sector, expecting a significant increase in compensation.	2.92	5	M
Overall Mean	3.12		M
Note: 4.50-5.00 - Very Highly Manifested (VHM); 3.50-4.49 - Highly Manifested (HM); 2.50-3.49 - Manifested (M); 1.50-2.49 - Somehow Manifested (SM); 1.00-1.49 - Not Manifested (NM)			

As shown in **Table 2.2**, "More years of work experience leads to higher wages among workers in Naga City" ranked first with a mean score of 3.37, while the expectation of increased compensation after transitioning from the public to the private sector ranked last with a mean score of 2.92. The overall average score of 3.12 indicates that work experience is generally regarded as contributing to compensation income disparity.

Work experience enhances skills and productivity, often leading to better wages. However, anticipated salary increases from public to private sector transitions do not always materialize, revealing a gap between expectations and actual wage structures. The private sector often prioritizes adaptability and performance over years of service, suggesting that experience alone may not guarantee higher pay. Factors such as job complexity, market conditions, and the challenges of adjusting to new roles further influence wages.

The findings indicate that while experience positively impacts wages in Naga City, sector transitions may only sometimes fulfill expectations. Wage outcomes depend on industry demand and economic conditions, where accumulated experience plays a significant role. Research by Medrano-Adán and Salas-Fumás (2023) supports this, highlighting that work experience often outweighs formal education in wage determination. Tyrowicz and Smyk (2019) emphasize the complexities of wage inequality during sector transitions, while Wulandari (2020) notes that experience enhances job performance and can help mitigate pay disparities. Additionally, Smith and Doe (2023) discuss how flexible

work arrangements can boost productivity and satisfaction for experienced workers. Overall, while experience is critical for wage growth, effective management of sector transitions is essential to align salary expectations with actual outcomes.

Special Skills

Table 2.3 Causes of Compensation Income Disparity in Naga City with regards to Special Skills

Parameters	Mean	Rank	Interpretation
Having special skills affects how much people get paid.	3.16	2	M
Jobs that need specific skills pay better than jobs that don't.	3.24	1	M
Employer support for skill development (like through training or workshops) affects income differences among workers in Naga City.	2.88	3	M
Employees who can manage and lead teams are given higher wages compared to those who cannot.	3.16	2	M
Workers who can perform multiple tasks are paid more than those who can't.	2.86	4	M
Overall Mean	**3.06**		**M**
Note: 4.50-5.00 - Very Highly Manifested (VHM); 3.50-4.49 - Highly Manifested (HM); 2.50-3.49 - Manifested (M); 1.50-2.49 - Somehow Manifested (SM); 1.00-1.49 - Not Manifested (NM)			

Table 2.3 shows that "jobs that require specific skills pay better than those that don't" received the highest mean score of 3.24, indicating its importance in compensation, while "Workers who can perform multiple tasks are paid more than those who can't" received a lower score of 2.86. This suggests that specialized skills are valued more highly than multitasking abilities Employers associate specialized skills with higher productivity and expertise, which directly contribute to organizational success, leading to better pay. In contrast, multitasking is often viewed as a basic requirement and does not significantly enhance wages.

The findings indicate that employers in Naga City prioritize specialized skills over multitasking, reflecting a trend supported by studies such as Bayudan-Dacuycuy (2021) and Josten et al. (2023). These studies emphasize the critical role of specific skills in wage determination and recommend ongoing skill development to meet market demands. Overall, the preference for specialized skills highlights their importance in achieving higher compensation.

Gender Dynamics

Table 2.4 Causes of Compensation Income Disparity in Naga City with regards to Gender Dynamics

Parameters	Mean	Rank	Interpretation
Men are paid more than women for doing the same job.	1.96	3	SM
Men are promoted more frequently than women in the workplace.	1.93	5	SM

Men's work is valued more than women's work.	1.95	4	SM
Women face discrimination in pay and promotion.	2.08	1	SM
Men's opinions are taken more seriously than women's in salary discussions.	2.07	2	SM
Overall Mean	**2.00**		**SM**
Note: 4.50-5.00 - Very Highly Manifested (VHM); 3.50-4.49 - Highly Manifested (HM); 2.50-3.49 - Manifested (M); 1.50-2.49 - Somehow Manifested (SM); 1.00-1.49 - Not Manifested (NM)			

Table 2.4 indicates that "women face discrimination in pay and promotion" has a mean score of 2.08, suggesting it is "somehow manifested." In contrast, "men are promoted more frequently than women in the workplace" scored lower at 1.93. The overall mean score of 2.00 reflects that gender disparities in compensation decisions are present but subtle.

These disparities stem from longstanding cultural norms and implicit biases, which often lead to lower pay and fewer promotions for women. Despite progress toward gender equality in Naga City's workplaces, biases still affect pay and promotion decisions, particularly in leadership roles. Research by Cabegin et al. and others highlights how employer biases, gender roles, and stereotypes contribute to these disparities.

Many studies have shown that women experience significant discrimination in pay and promotion, with lower promotion rates compared to their male counterparts Cabegin et al., (2021); Tilcsik, (2020). Research highlights how gender roles and employer biases contribute to these disparities, supporting the notion that stereotypes about women's productivity perpetuate wage inequality Phelps, (1972); Epetia M.C.F., (2019). Addressing these systemic biases is essential for promoting equitable pay and advancement opportunities in the workplace Constantopoulos, (2021); Chow et al., (2019).

Summary of the Causes of Compensation Income Disparity

Table 2.5 Summary Table of the Causes of Compensation Income Disparity

Parameters	Mean	Rank	Interpretation
Academic Qualification	3.29	1	M
Work Experience	3.12	2	M
Special Skills	3.06	3	M
Gender Dynamics	2.00	4	SM
Overall Mean	**2.87**		**M**
Note: 4.50-5.00 - Very Highly Manifested (VHM); 3.50-4.49 - Highly Manifested (HM); 2.50-3.49 - Manifested (M); 1.50-2.49 - Somehow Manifested (SM); 1.00-1.49 - Not Manifested (NM)			

Table 2.5 shows that "academic qualification" is the most significant factor influencing compensation, with a mean score of 3.29, while "gender dynamics" ranked lowest at 2.00. The overall average score of 2.87 indicates that factors contributing to

income disparity are generally "manifested."

The importance placed on academic degrees stems from the belief that they enhance work performance, justifying higher pay. Employers prioritize educational qualifications over experience or skills, which significantly impacts income disparity. In contrast, the low ranking of gender dynamics suggests that while disparities exist, they may be less influential on compensation decisions due to advancements in gender equality in Naga City.

Supporting studies by Tomlinson and Anderson (2021) emphasize the crucial role of formal education in shaping employer perceptions, contributing to income disparities. Conversely, Cabegin et al. (2019) highlight barriers to female labor force participation in the Philippines, such as gender roles and limited access to training, which, while relevant, are not the primary drivers of overall income inequality. West et al. (2019) also call for more progress in achieving equitable pay and promotion opportunities for women, indicating room for improvement in addressing gender biases in compensation.

Economic Aspects

Table 3.1 Factors Affecting Compensation Income Disparity in Naga City in terms of Economic Aspects

Parameters	Mean	Rank	Interpretation
More job opportunities and higher wages for everyone.	3.85	4	MA
Inflation on prices of goods and services.	4.45	1	MA
Inflation increases living costs, making it harder for families to afford education.	4.44	2	MA
Rising unemployment rates	3.88	3	MA
Rising population growth	3.83	5	MA
Overall Mean	**4.09**		**MA**
Note: 4.50-5.00 - Highly Affecting (HA); 3.50-4.49 - Moderately Affecting (MA); 2.50-3.49 - Neutral (N); 1.50-2.49 - Slightly Affecting (SA); 1.00-1.49 - Not Affecting at All (NAA)			

Table 3.1 outlines the economic factors impacting compensation income disparity, highlighting "inflation on prices of goods and services" as the most significant factor with a mean of 4.45, classified as "moderately affecting." In contrast, "rising population growth" ranks lowest at 3.83, still within the "moderately affecting" range. The overall average mean score of 4.09 indicates that economic factors moderately contribute to income disparity.

Inflation's strong impact on income disparity is attributed to its direct effect on daily expenses, diminishing workers' purchasing power if wages do not keep pace. Population growth, while relevant, exerts a more gradual influence, impacting wages and the job market over time.

The findings suggest that inflation is a key driver of compensation income disparity

in Naga City, emphasizing the urgent need for wage adjustments due to rising living costs. Studies from NEDA (2024) and others underline inflation's significant role in income disparities, while population growth, though important, has a less immediate effect on economic conditions and wages.

Social Aspects

Table 3.2 Factors Affecting Compensation Income Disparity in Naga City in terms of Social Aspects

Parameters	Mean	Rank	Interpretation
Legal Rights and Protections	3.65	4	MA
Nature of Employment	3.79	1	MA
Work culture and environment	3.78	2	MA
Offering flexible working hours	3.61	5	MA
Equal opportunities for education and healthcare regardless of their income level.	3.74	3	MA
Overall Mean	3.71		MA
Note: 4.50-5.00 - Highly Affecting (HA); 3.50-4.49 - Moderately Affecting (MA); 2.50-3.49 - Neutral (N); 1.50-2.49 - Slightly Affecting (SA); 1.00-1.49 - Not Affecting at All (NAA)			

Table 3.2 shows that "nature of employment" has the highest mean score of 3.79, indicating a "moderate affecting" impact on compensation income disparity, while "offering flexible working hours" ranks lowest at 3.61, also seen as "moderately affecting." The average mean score of 3.71 highlights the moderate influence of social aspects on income disparities.

Specialized roles often command higher wages due to unique skill demands, leading to income gaps with less specialized positions that may offer lower compensation. Jobs with flexible hours, though beneficial, might prioritize flexibility over higher pay, impacting overall compensation patterns.

These findings resonate with the World Bank Group (2022), which notes that informal roles typically earn less and lack benefits compared to regular employment, leading to greater job security. Lanzona Jr. (2022) pointed out that wage disparities in the Philippines are shaped by worker attributes and contract types. Although Chen et al. (2021) found that flexible arrangements can sometimes lead to higher earnings, overall, the nature and structure of employment are key to understanding income dynamics.

Political Aspects

Table 3.3 Factors Affecting Compensation Income Disparity in Naga City in terms of Political Aspects

Parameters	Mean	Rank	Interpretation
Political Party System	3.29	4	N
Tax policies aimed at large businesses in Naga City.	3.59	2	MA
Comprehensive policies and equitable conflict resolution.	3.38	3	N
Decisions made by politicians regarding education, employment, and gender roles.	3.65	1	MA
The government's budget for education and public services.	3.65	1	MA
Overall Mean	**3.51**		**MA**
Note: 4.50-5.00 - Highly Affecting (HA); 3.50-4.49 - Moderately Affecting (MA); 2.50-3.49 - Neutral (N); 1.50-2.49 - Slightly Affecting (SA); 1.00-1.49 - Not Affecting at All (NAA)			

The results in **Table 3.3** indicate that "decisions made by politicians regarding education, employment, and gender roles" and "the government's budget for education and public services" are the most influential political factors affecting employers in Naga City, with a mean score of 3.65, interpreted as "moderately affecting." Conversely, the "political party system" ranked lowest, with a mean of 3.29, indicating a neutral effect.

The overall mean of 3.51 for political aspects suggests a moderate impact on compensation income disparity. Government decisions in education and employment significantly shape job opportunities and wage structures, while public spending on essential services can develop a skilled workforce, enhancing earnings and job stability. In contrast, the political party system appears to exert a more indirect influence, with effects on wages and employment unfolding gradually.

The findings affirm that political decisions crucially affect income disparity. Enhanced investment in education and public services likely leads to improved job opportunities and wages. Existing research supports these findings, noting the importance of government spending on reducing income inequality (McCartney, 2021; Malla et al., 2022). However, Wong (2022) highlights the neutral impact of political party systems and points to conflicts that might exacerbate inequality. Overall, inclusive policies and focused governmental investment remain key to alleviating compensation disparities in Naga City.

Summary of the Factors Affecting Compensation Income Disparity

Table 3.4 Summary Table of the Factors Affecting Compensation Income Disparity

Parameters	Mean	Rank	Interpretation
Economic Aspects	4.09	1	MA
Social Aspects	3.71	2	MA
Political Aspects	3.51	3	MA

Overall Mean	3.77		MA

Note: 4.50-5.00 - Highly Affecting (HA); 3.50-4.49 - Moderately Affecting (MA); 2.50-3.49 - Neutral (N); 1.50-2.49 - Slightly Affecting (SA); 1.00-1.49 - Not Affecting at All (NAA)

Table 3.4 results indicate that "decisions made by politicians regarding education, employment, and gender roles" and "the government's budget for education and public services" have a mean score of 3.65, suggesting they moderately affect employers in Naga City. In contrast, the "political party system" had a lower mean of 3.29, seen as neutral.

With an overall mean of 3.51, political aspects moderately impact compensation income disparity. Specifically, government choices in education and employment significantly influence job opportunities and wage structures, contributing to economic disparity. Increased spending on education can enhance workforce skills, leading to better jobs and higher wages. The political party system appears to have a more indirect and slower influence due to the complexity of policy changes.

Support from existing research highlights the importance of political decisions. McCartney (2021) and Malla et al. (2022) stress that government spending on education and healthcare reduces income inequality. Conversely, Wong (2022) noted that political conflicts can exacerbate income disparity. Together, these findings underscore the critical role of inclusive policies and targeted government investment in addressing compensation disparities, while the political party system's effect remains less immediate.

Correlation between the Causes and Factors Affecting Compensation Income Disparity

Table 4.1 Correlation between the Causes and Factors Affecting Compensation Income Disparity

	Economic Factor	Social Factor	Political Factor
Academic Qualifications	(r(98) = .276, p = .005***	r(98) = .296, p = .003***	r(98) = .214, p = .032***
	"weak"	"weak"	"weak"
Work Experience	(r(98) = .484, p < .001***	r(98) = .252, p = .012***	r(98) = .211, p = .035***
	"moderate"	"weak"	"weak"
Special Skills	r(98) = .245, p = .014***	r(98) = .245, p = .014***	r(98) = .309, p = .002***
	"weak"	"weak"	weak"
Gender Dynamics	r(98) = .0502, p = .620	r(98) = -0.00275, p = .978	r(98) = .283, p = .004***
	"very weak"	"very weak"	"weak"

Legend:
Note: 1.00 - Perfect (P); 0.80-0.99 - Very Strong (VS); 0.60-0.79 - Strong (S); 0.40-0.59 Moderate (M); 0.20-0.39 Weak (W); 0.01-0.19 - Very Weak (VW); 0.00 - No Relationship (NR)
Note: *** p is significant ($p < 0.05$) r(degrees
of freedom) = the r statistic, p = p-value

Table 4.1 highlights the correlation between causes and factors influencing compensation income disparity. Work experience shows a moderate positive correlation with economic factors ($r = .484$, $p < .001$), indicating its significance in determining compensation. Employers may view the experience as an indicator of an employee's ability to navigate economic challenges like inflation. As employees gain experience and skills, they contribute more effectively to their organizations, resulting in higher compensation adjustments.

Conversely, gender dynamics show a very weak negative correlation ($r = -0.00275$, $p = .978$) with social factors, suggesting that gender has a limited impact on compensation differences. This implies that factors like work experience and qualifications may play a more significant role in salary decisions, despite the ongoing concern over gender inequality in pay.

In conclusion, while increased work experience leads to higher compensation, the weak correlation with gender dynamics suggests a shift towards valuing skills and experience in setting wages. This perspective is supported by a study by Ibrahim et al. (2024), which underlines the importance of experience in coping with economic challenges. Gender dynamics, as noted in Potratz (2022), remain intertwined with social factors, highlighting the complexity of these influences despite the observed weak correlation.

Mitigation Strategies to Guide Policymakers in Addressing Compensation Income Disparity in Naga City

This section shows the mitigation strategies formulated by the researchers based on the results of the follow-up interview conducted. It outlines the inputs, process, and output model that will provide the general structure and guide for the direction of the study.

Inputs:

1. Primary Resources - The development of mitigation strategies was based on the results derived from the data gathered through survey questionnaires. The researchers conducted an online and physical survey among minimum wage earners in major establishments such as Robinsons Mall, Grand Master Mall, SM, and Puregold in Naga City.

2. Secondary Resources - The researchers utilized different sources, such as related literature in generating the survey questionnaires. Moreover, scholarly articles and theories were used to anchor ideas and laid the foundation in making the

questionnaires for the data gathering tool used. Furthermore, a thematic review of related literature was employed to discuss deeply the supporting ideas concerning the variables and objectives that are substantial in developing the mitigation strategies. The literature was reviewed and obtained from academic websites such as googlescholar.com, sciencedirect.com, and online journals.

Process:

Step 1: Conducted a comprehensive analysis and research on the employers experiencing compensation income disparity in Naga City in the present status.

Step 2: Performed an online and physical survey using a standardized questionnaire for each respondent. The questionnaire consisted of a Likert scale to obtain their degree of agreement on the provided parameters.

Step 3: The responses from the survey were gathered, consolidated, and statistically analyzed, formulating the development of semi-structured interview questions.

Step 4: Facilitated a follow-up interview using open-ended questions to explore the impact of compensation income disparity in relation to academic qualifications, economic factors, and government policies, thereby guiding the formulation of mitigation strategies.

Step 5: The responses from both surveys and interviews were combined and analyzed to streamline the analysis and interpretation of the data collected.

Step 6: Based on the evaluated findings and feedback, the plan for the mitigation strategies was introduced and developed through the use of a policy brief.

Output:

Based on the study's findings, the researchers developed mitigation strategies in the form of a policy brief, which will be disseminated to the Local Government Unit (LGU) in Naga City. This policy brief aims to provide mitigation strategies to the LGU of Naga City to effectively address and alleviate compensation income disparity within the community, particularly among minimum wage employees.

AGAP Policy Brief

Figure 3 contains the AGAP policy brief, an acronym for Addressing Gaps in Access to Pay, aimed at providing mitigation strategies to policymakers in Naga City to address income disparity among minimum wage earners. It also aims to identify and address the causes and factors contributing to income disparity, such as academic qualification, work experience, special skills, gender dynamics, and various economic, social, and political aspects. The recommendations within the brief are designed to help local government officials develop effective policies that reduce wage gaps and promote

economic resilience. By targeting minimum wage workers, AGAP aims to create fairer compensation practices and support the city's long-term growth. Additionally, the acronym itself signifies "promptness," which means being "ready to act" or "to grasp," reflecting the need to implement strategies that promote a more just and sustainable economic environment for everyone. Ultimately, this policy brief proposal advocates for fair treatment and equitable compensation for all workers.
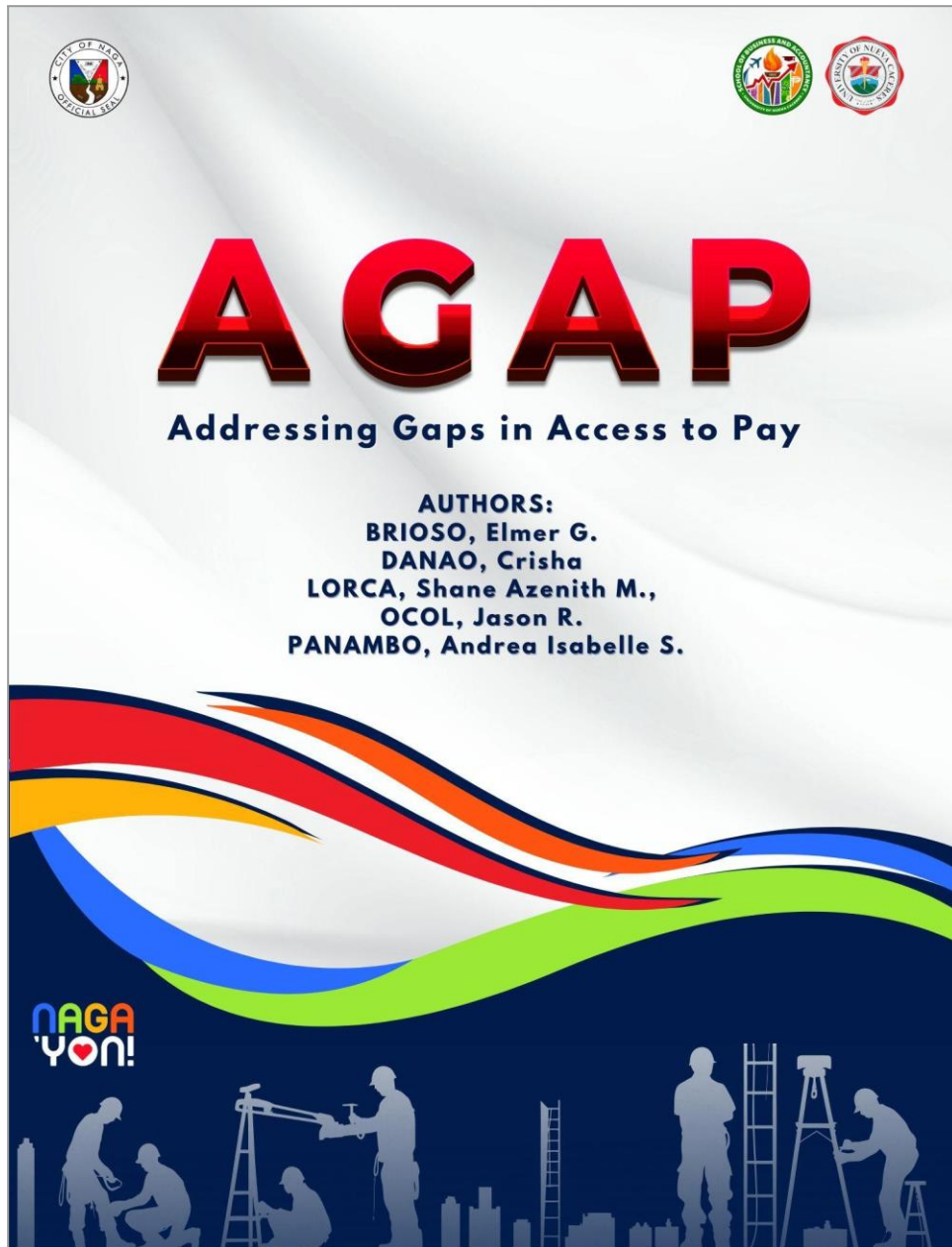
UNIVERSITY OF NUEVA CACERES
SCHOOL OF BUSINESS AND ACCOUNTANCY
City of Naga
2024-2025

Policy Brief
"AGAP: Addressing Gaps in Access to Pay"

Authors:
BRIOSO, Elmer G.
DANAO, Crisha
LORCA, Shane Azenith M.
OCOL, Jason R.
PANAMBO, Andrea Isabelle S.

2024

Foreword

Income disparities in Naga City have long affected workers across various sectors, posing significant challenges to social equity and sustainable economic growth. AGAP: Addressing Gaps in Access to Pay is a focused policy brief that addresses these wage gaps, providing solutions designed to uplift workers and drive economic inclusivity.

This policy brief is the result of the collaborative efforts of students and faculty from the University of Nueva Caceres. With the invaluable guidance of our professor, Nico Ogarte, and insights from community stakeholders, we have analyzed the root causes of income inequality and proposed actionable solutions.

The objective of this brief is to present well-researched, actionable strategies that the Local Government Unit (LGU) of Naga City can implement to mitigate income disparities. By focusing on key areas such as work experience, special skills, academic qualifications, and gender dynamics, these solutions are designed to ensure fair and equitable compensation for all workers, regardless of their background or gender.

We urge policymakers to take immediate steps toward implementing these recommendations. Through collaborative efforts between local government, businesses, and educational institutions, we believe that Naga City can become a model of economic inclusivity, where fair wages and equal opportunities are available to all workers.

Andrea Isabelle S. Panambo
Team Leader

EXECUTIVE SUMMARY

Income inequality among minimum wage earners in Naga City is a significant issue. This is driven by factors such as work experience, special skills, academic qualifications, and gender dynamics, which contribute to persistent wage disparities. Current policies need to be revised to address these root causes, hindering economic growth and negatively impacting the quality of life for low-income workers. This policy brief recommends specific strategies for the Local Government Unit (LGU), including expanding the Government Internship Program (GIP) to provide practical training for minimum wage earners, implementing Skills-Based Compensation Models that prioritize skills and performance over academic qualifications, and establishing formal certification programs for specialized skills like digital literacy and multitasking. Additionally, encouraging businesses to conduct regular pay equity reviews will help address gender-based wage disparities.

To promote a fair and resilient workforce, it is essential for policymakers to unite local stakeholders, promote fair wage practices, and align training initiatives with industry needs. By taking these concrete steps, Naga City can create a more inclusive economy, improve the earning potential of its workers, and ensure long term economic stability for the community.

INTRODUCTION

Income inequality among minimum wage earners in Naga City has become a significant concern, driven by factors such as **work experience, special skills, academic qualification, gender dynamics**, and various **economic, social, and political aspects**. These factors result in income disparities that hinder economic growth, restrict career advancement, and negatively impact the quality of life for low-income workers. Politically, there is a growing awareness of the need for policy intervention. However, current policies are not sufficient enough to address the root causes of these disparities. The government of Naga City must act swiftly to implement comprehensive policies that not only reduce income inequality but also support economic resilience and promote fair treatment for all workers. This policy brief, **AGAP: Addressing Gaps in Access to Pay**, aims to provide the Local Government Unit (LGU) of Naga City with practical mitigation strategies to reduce compensation income disparities which promotes fair pay, and supports economic resilience.

STATEMENT OF THE PROBLEM

Compensation income disparities in Naga City remain a significant issue, influenced by multiple interrelated factors. Workers with higher academic qualifications, more work experience, and specialized skills receive higher pay, while gender-based wage differences, though present, play a smaller role. Economic challenges such as inflation and unemployment, alongside social and political factors like the nature of employment, work culture, and governmental policies, exacerbate these income gaps. These disparities contribute to ongoing inequality and affect workers' financial stability.

Data indicates that academic qualifications show weak correlations with economic, social, and political factors, implying that while education plays a role in wage differences, broader systemic issues also contribute. Work experience, however, exhibits a moderate correlation with economic factors, signifying that seasoned workers benefit from wage increases when economic conditions are favorable. Special skills demonstrate weak correlations across these factors, further reinforcing the need for skill development in raising income levels. Gender dynamics show very weak correlations with these factors, underscoring the minimal role gender plays in the broader wage structure. Addressing these issues is crucial to ensuring equitable pay structures and improving the overall economic resilience of Naga City, especially in the context of a rapidly changing labor market and rising cost of living.

ANALYSIS OF THE ISSUE

The issue of compensation income disparity in Naga City is driven by multiple interrelated factors, each contributing to varying degrees to the wage gaps experienced by minimum wage earners. The disparity is influenced by factors such as **work experience, special skills, academic qualifications, and gender dynamics**, all of which interact with the broader **economic, social, and political** context. Analyzing these factors through a statistical lens offers valuable insights into their impact on income levels.

Work Experience

Work experience exhibits a moderate correlation with economic factors ($r(98) = .484$, $p < .001$), indicating that workers with more years of experience benefit more from wage increases, particularly when economic conditions are favorable. However, the weaker correlations with social and political factors ($r(98) = .252$, $p = .012$; $r(98) = .211$, $p = .035$) suggest that experience alone does not guarantee equitable compensation. This finding emphasizes the importance of aligning wage structures with both economic conditions and individual experience levels to promote fair compensation practices.

Special Skills

Special skills demonstrate weak correlations across economic, social, and political factors ($r(98) = .245$, $p = .014$; $r(98) = .245$, $p = .014$; $r(98) = .309$, $p = .002$). Although skill development is crucial for improving income prospects, the relatively weak correlations imply that additional

efforts are required to ensure that specialized skills translate into higher wages. This underscores the need for policies that focus on enhancing skill development programs while ensuring that such skills are adequately rewarded in the labor market.

Academic Qualifications

Data from our research indicates that academic qualifications show weak correlations with economic, social, and political factors ($r(98) = .276$, $p = .005$; $r(98) = .296$, $p = .003$; $r(98) = .214$, $p = .032$). Although education plays a role in determining wage levels, the relatively low correlation suggests that broader systemic factors, such as labor market conditions and local economic structures, are more influential in driving wage disparities. This finding highlights the limited role of academic qualifications in mitigating income inequality, especially for minimum wage earners, where other factors seem to overshadow the impact of formal education.

Gender Dynamics

Gender-based disparities show very weak correlations with economic and social factors ($r(98) = .0502$, $p = .620$; $r(98) = -0.00275$, $p = .978$), and a weak correlation with political factors ($r(98) = .283$, $p = .004$). These findings indicate that while gender plays a role in wage differences, its overall influence on compensation disparity is minimal compared to other factors. However, the presence of gender-based wage gaps, even at a weak level, suggests that there are still underlying issues related to gender equality in pay that need to be addressed through targeted interventions.

In conclusion, the compensation income disparity in Naga City is shaped by a complex interplay of individual qualifications, work experience, specialized skills, and gender dynamics, all influenced by the broader socio-economic and political environment. Addressing these disparities requires a comprehensive approach that not only targets wage adjustments but also strengthens policies that enhance skill development, promote gender equality, and align compensation with both experience and qualifications.

PROPOSED MITIGATION STRATEGIES

The strategies outlined below are derived from the research conducted by the authors on compensation income disparity in Naga City. The strategies highlight critical areas where income gaps can be addressed, providing actionable steps for policymakers to reduce income disparities and promote a more inclusive local economy. Additionally, the funding and information references are based on the previous data from the Local Government Unit of Naga City, TESDA, insights from other local agencies, advocacy professionals, and other resources to ensure accurate financial estimates.

A. WORK EXPERIENCE

Economic Aspect: GIP Expansion for Skill Building

Expand Naga City's Government Internship Program (GIP) to target skills such as technical proficiency in IT, customer service, and basic managerial skills. This strategy equips minimum wage earners with industry-specific training to improve competitiveness and compensation prospects through multi-year internships that close wage gaps caused by insufficient work experience.

Action Items:
1. Conduct a workforce skills assessment by February 2025 to identify 3–5 high-demand industries.
2. Partner with TESDA and local businesses to develop multi-year internships for 200 interns annually, starting June 2025.
3. Secure ₱3.5 million in LGU funding by March 2025 for subsidies.
4. Launch a preliminary internship program in selected industries by July 2025.
5. Establish exit evaluations, aiming for 75% job placements by December 2025.

Resources Needed:
- ₱3.5 million in LGU funding for subsidies.
- Partnerships with TESDA and 10 local businesses.
- ₱250,000 for digital tools to track intern progress.

Social Aspect: Mentorship for Career Growth

Develop mentorship programs connecting experienced professionals with minimum wage earners in sectors such as IT, hospitality, and retail. Mentors will guide mentees in job-readiness and leadership skills, ensuring they are prepared for career progression and wage negotiations.

Action Items:
1. Recruit 20 mentors by March 2025.
2. Develop a mentorship platform by May 2025 to match mentors with mentees.
3. Organize bi-monthly workshops starting April 2025, targeting 50 mentees per session, focusing on job-readiness and leadership skills.
4. Evaluate mentee outcomes quarterly, aiming for 60% of mentees to achieve salary increases or promotions by December 2025.

Resources Needed:
- ₱600,000 for mentor allowance and workshop costs.
- ₱300,000 for mentorship platform development.
- ₱100,000 for quarterly progress assessments.

Political Aspect: Fair Wage Advocacy for All Ages

This strategy focuses on promoting wage policies that ensure fair compensation for workers of all ages, addressing wage disparities through industry-specific skills development. Key skills include financial literacy, negotiation techniques, and career adaptability.

Action Items:
1. Form partnerships with 4–6 organizations by April 2025 to advocate for wage policies with a focus on financial literacy and negotiation skills.
2. Hold 3 public forums by June 2025 to gather input from workers across all age groups on wage equity challenges and discuss career adaptability.
3. Advocate for 2 ordinances mandating annual wage reviews by October 2025 to promote age-inclusive compensation.
4. Develop public reporting mechanisms by December 2025 to track compliance with wage policies and progress in training participation.

Resources Needed:
- ₱500,000 for legal consultants and framework development, including training modules on financial literacy and negotiation skills.
- ₱300,000 for public forums and community outreach, focusing on career adaptability.
- ₱250,000 for conducting annual wage reviews and reporting.

B. SPECIAL SKILLS

Economic Aspect: Strengthening Industry, School, and Government Partnerships for Skill Alignment

This strategy aligns educational programs with industry needs by focusing on high-demand skills such as software development, advanced machinery operation, and hospitality management. This ensures that workers acquire skills that lead to higher-paying jobs.

Action Items:
1. Launch a Skill Alignment Program with local colleges and 5 industries by May 2025, focusing on developing technical skills in IT systems administration, advanced machine operation, and customer relations.
2. Establish TESDA accredited certifications by July 2025 for high demand skills in sectors like software development, digital marketing, hospitality management, and advanced manufacturing.
3. Enroll 300 participants annually in skill-building courses, aiming for 75% employment in relevant industries such as IT, manufacturing, and hospitality within 6 months of completion.
4. Conduct annual reviews to update the curriculum to reflect evolving industry needs, such as in software engineering, logistics, and health services.

Resources Needed:
- ₱2 million for course materials, collaborating with industries, and equipping training centers.
- ₱500,000 for certification costs, industry accreditation, and trainers specializing in software development, machine operations, and customer service.
- ₱300,000 for annual curriculum reviews and updates to meet industry demands.

Social Aspect: Implementing Team-Based Compensation Programs

This strategy focuses on recognizing team-based problem-solving, collaboration, and project management as essential skills for workplace success. By shifting from individual multitasking to rewarding team-based performance, it ensures fairer wage distribution based on collective results.

Action Items:
1. Launch a Team-Based Compensation Program by June 2025, targeting 200 employees across sectors like retail, manufacturing, and IT, focusing on developing team collaboration, conflict resolution, and project management skills.
2. Conduct bi-annual performance evaluations to assess team productivity and satisfaction, with the aim of 60% of teams showing improvement in productivity and satisfaction by December 2025.
3. Implement a bonus structure for teams that demonstrate enhanced collaborative problem-solving and exceed performance targets.

Resources Needed:
- ₱1 million for team performance assessments, focusing on collaboration and project management.
- ₱500,000 for productivity bonuses based on team performance metrics.
- ₱200,000 for evaluation reports and tracking tools to monitor improvements in team-based skills.

Political Aspect: Certification Programs for Multitasking Skills

This strategy aims to formally recognize multitasking in project coordination, time management, and cross-departmental collaboration through TESDA-certified programs. These certifications will validate an employee's ability to effectively manage multiple tasks, leading to wage increases.

Action Items:
1. Develop a TESDA-certified multitasking program by August 2025, recognizing skills such as task prioritization, time management, and cross functional communication.
2. Offer ₱100,000 in tax incentives (based on the industry) to businesses that adopt multitasking certifications in their hiring criteria by December 2025.
3. Create a strategic advisory council to guide the development of certification standards, ensuring that the certification aligns with industry needs for multitasking and operational efficiency.

Resources Needed
- ₱1.5 million for program development and certification assessments, with a focus on assessing task management and cross-functional skills.
- ₱100,000 (depending on the industry) for tax incentives and marketing to encourage businesses to adopt multitasking certifications.
- ₱300,000 for the advisory council's operations to oversee the certification program.

C. ACADEMIC QUALIFICATIONS

Economic Aspect: Skills-Based Compensation Models

This strategy promotes the adoption of Skills-Based Compensation Models that reward employees for practical skills and on-the-job experience, rather than relying solely on academic qualifications. It focuses on skills such as data analysis, project management, and operational efficiency, encouraging businesses to value critical thinking and leadership abilities across industries.

Action Items:
1. Develop a Skills Based Compensation Model for 15 local businesses by March 2025, focusing on skills such as data analysis, project management, and operational efficiency.
2. Conduct workshops for HR professionals by June 2025 to teach the integration of skills-based pay models, highlighting key competencies like critical thinking and technical proficiency.
3. Aim for 70% of businesses to adopt this model by December 2025, offering tax incentives for early adopters who implement the compensation model based on practical skill sets.

Resources Needed:
- ₱500,000 for HR training, focusing on skills-based evaluation criteria.
- ₱300,000 for monitoring and evaluating the success of pay structure changes.
- ₱200,000 for tax incentive administration for businesses adopting the model.

Social Aspect: Expand Job Skills Training Programs

This strategy focuses on enhancing workforce training initiatives in Naga City, with an emphasis on technical competencies and digital literacy. By offering job skills training, minimum wage earners will gain the qualifications necessary to secure better-paying jobs in industries that demand skills like software proficiency, customer relations, and advanced manufacturing.

Action Items:
1. Partner with TESDA to offer 300 scholarships for minimum wage earners to attend accredited skills training programs focused on digital literacy, advanced machinery operations, and customer service by April 2025.
2. Expand internship opportunities for 150 placements annually starting July 2025, focusing on training in software development, technical support, and hospitality management.
3. Conduct bi-annual assessments to track job placements and wage improvements among trainees, measuring growth in skills like digital marketing and inventory management.

Resources Needed:
- ₱2 million for TESDA partnerships and scholarships to cover training costs in IT systems, technical operations, and retail management.
- ₱1 million for internship placements and allowances.
- ₱250,000 for tracking and assessment tools to monitor progress and employment outcomes.

Political Aspect: Prioritizing Skills in Hiring and Compensation

This strategy encourages businesses to prioritize practical skills over traditional academic qualifications in hiring and compensation practices. It promotes the recognition of skills such as problem-solving, project coordination, and team leadership, ensuring fair pay based on employee capabilities.

Action Items:
1. Form a project team of 10 HR professionals by April 2025 to review and recommend skills-based hiring practices, prioritizing abilities like time management, conflict resolution, and strategic thinking.
2. Provide ₱100,000 in tax reductions (depending on the industry) for businesses that implement skills-based hiring models by December 2025.
3. Implement quarterly evaluations to measure the adoption of skills-based hiring and its impact on wages across industries.

Resources Needed:
- ₱600,000 for project team operations and training on skills assessment tools.
- ₱100,000 for tax incentives and reviews of progress in adopting skills-first compensation models.
- ₱100,000 for reporting tools and consultancy to ensure effective implementation.

D. GENDER DYNAMICS

Economic Aspect: Regular Pay Equity Reviews

Encourage businesses in Naga City to regularly review pay data to ensure gender pay equity for similar roles. This strategy addresses the gender wage gap by mandating annual pay reviews, ensuring businesses implement equitable compensation structures. Incentives are provided to encourage businesses to reduce the gender wage gap.

Action Items:
1. Mandate annual pay reviews for 15 businesses starting in January 2025 to ensure gender equity in compensation.
2. Offer ₱300,000 in incentives to businesses that reduce their gender wage gap by at least 5% by December 2025.
3. Publish an annual report on gender pay equity, highlighting businesses that have made significant progress toward closing the wage gap.
4. Conduct quarterly reviews of businesses' compliance with pay equity standards to ensure ongoing progress.

Resources Needed:
- ₱500,000 annually for pay equity audits and reporting.
- ₱300,000 for incentive programs.
- ₱250,000 for publicizing and promoting gender equity successes.

Social Aspect: Gender Sensitivity Training Enhancement

Enhance gender sensitivity training by focusing on skills such as inclusive leadership, diversity management, and conflict resolution. This strategy ensures that businesses undergo regular training to promote gender inclusivity and mitigate workplace gender-based discrimination.

Action Items:
1. Organize 5 gender sensitivity workshops by February 2025, targeting business leaders, managers, and HR professionals to promote inclusive leadership and mitigate prejudices.
2. Partner with local NGOs to develop comprehensive gender sensitivity training modules by March 2025, focusing on diversity management and conflict resolution.
3. Conduct post-training evaluations in participating businesses, aiming for a 50% improvement in workplace gender inclusivity by December 2025.
4. Provide ongoing support and updates to training programs based on feedback from workshops and evaluations.

Resources Needed:
- ₱600,000 for workshop organization and training materials.
- ₱250,000 for post-training diversity assessments and reports.
- ₱150,000 for managing partnerships with NGOs and monitoring the program's progress.

Political Aspect: Gender Paychecks in Labor Assessments

Incorporate gender paychecks into regular labor assessments conducted by local government programs. This strategy integrates gender paychecks into labor assessments to hold businesses accountable for reducing the gender wage gap and ensuring fair compensation for all employees.

Action Items:
1. Implement gender paychecks for 10 businesses by June 2025 to monitor wage disparities and ensure transparency.
2. Offer ₱100,000 (depending on the industry) in incentives for businesses that reduce their gender wage gap by at least 5% annually, ensuring progress in gender wage equity.
3. Establish a government special committee by March 2025 to oversee the implementation of gender paychecks, ensuring compliance and tracking results.
4. Publish an annual gender wage gap assessment report by December 2025, highlighting businesses that have demonstrated progress and providing recommendations for further improvements.

Resources Needed:
- ₱800,000 for the development and implementation of gender paychecks within businesses.
- ₱400,000 for the government special committee's operations, including compliance monitoring.
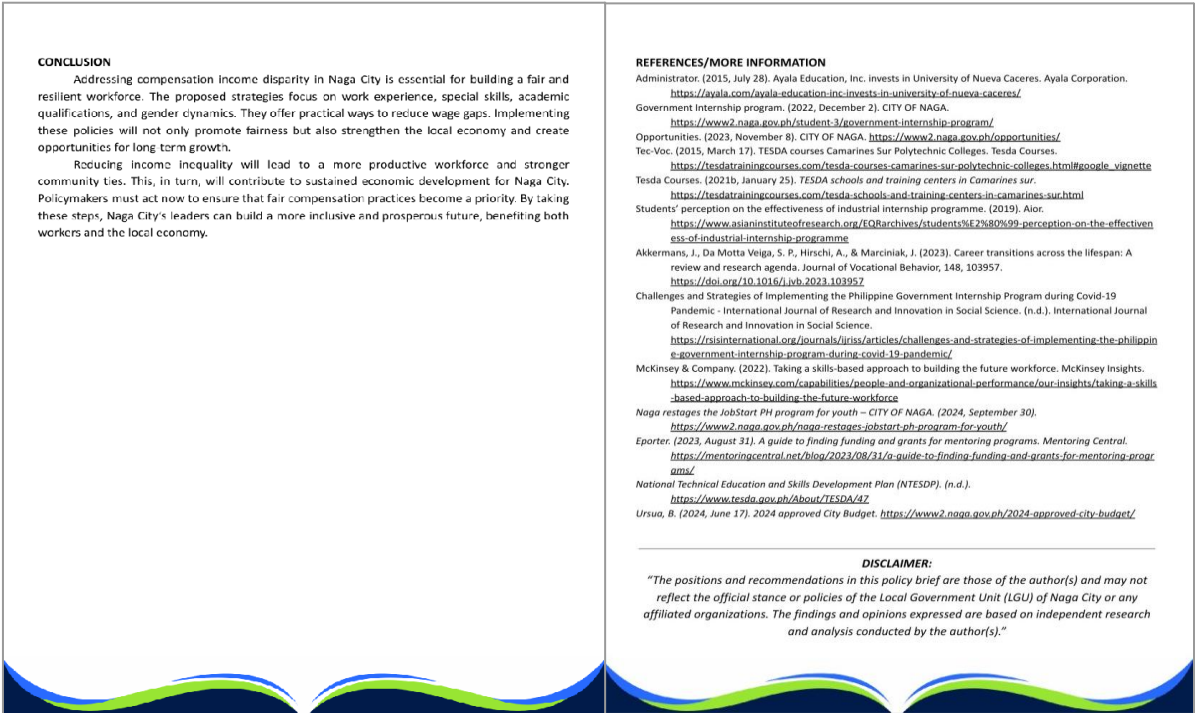- ₱500,000 for publishing annual gender equity reports and promoting accountability among businesses.

CONCLUSION

Addressing compensation income disparity in Naga City is essential for building a fair and resilient workforce. The proposed strategies focus on work experience, special skills, academic qualifications, and gender dynamics. They offer practical ways to reduce wage gaps. Implementing these policies will not only promote fairness but also strengthen the local economy and create opportunities for long term growth.

Reducing income inequality will lead to a more productive workforce and stronger community ties. This, in turn, will contribute to sustained economic development for Naga City. Policymakers must act now to ensure that fair compensation practices become a priority. By taking these steps, Naga City's leaders can build a more inclusive and prosperous future, benefiting both workers and the local economy.

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FIGURE 3. AGAP: Policy Brief

WORK EXPERIENCE

GIP Expansion for Skill Building. Expanding Naga City's Government Internship Program (GIP) to include young individuals, particularly minimum wage earners, can significantly enhance their work experience. By providing practical training and partnering with local businesses, participants can acquire vital skills while earning minimum wages. Additionally, collaborative vocational training initiatives with local educational institutions, like Bicol State College, can help diversify their skill sets, ultimately improving their long-term employability and economic prospects.

Mentorship for Career Growth. Establishing mentorship programs that connect seasoned professionals with minimum-wage earners can effectively address social barriers to career growth. Local institutions, such as the University of Nueva Caceres and Ateneo de Naga University, can facilitate workshops focused on essential job-seeking skills, including resume writing and interview techniques. Collaborating with community organizations to promote group learning will further enhance the program, empowering participants through increased social capital and better job opportunities.

Political Aspects: Fair Wage Advocacy. This initiative aims to unite local stakeholders to enhance wage practices for minimum wage earners. By engaging local government, businesses, and community organizations, the initiative seeks to underscore the importance of fair and equitable wages. Organizing forums and workshops will foster collaboration

toward substantial reforms, including the development of a Fair Wage Framework that aligns with living costs in Naga City, ultimately promoting social equity and sustainable economic growth.

SPECIAL SKILLS

Strengthening Industry, School, and Government Partnerships for Skill Alignment. Strengthening partnerships among local businesses, schools, and government is essential for aligning training programs with industry needs. An example is the collaboration between the University of Nueva Caceres and Ayala Education, equipping students with critical skills through internships. Such partnerships enhance employability and contribute to sustainable economic growth, requiring strong government support.

Implementing Team-Based Compensation Programs. The government should promote team-oriented multitasking as a strategic program and encourage team-based compensation to recognize collective efforts. This would foster collaboration, reduce wage gaps, and enhance job satisfaction while creating a supportive work environment that benefits both businesses and their workforce.

Certification Programs for Multitasking Skills. Establishing official certification programs for multitasking skills can enhance workforce development in Naga City. By partnering with institutions and businesses to create focused training programs, the government can elevate multitasking from a basic requirement to a valued competency. Promoting these programs and tracking their impact will showcase their value and cultivate a more skilled workforce adaptable to the dynamic job market.

ACADEMIC QUALIFICATIONS

Skills-Based Compensation Models. The government should promote "Skills-Based Compensation Models" in local businesses, where employees are paid based on their skills, experience, and performance rather than solely on academic degrees. A transparent evaluation system can ensure fair compensation and help reduce income disparities among workers.

Expand Job Skills Training Programs. Job skills training programs in Naga City should focus on providing practical, industry-relevant skills that enhance employability and contribute to an inclusive economy. The government must ensure these programs align with employer demands and improve access for underrepresented groups, promoting efforts to create a skilled workforce.

Prioritizing Skills in Hiring and Compensation. To promote a fair job market, the government should strengthen policies that prioritize skills and experience in hiring and compensation. This can involve forming a project team to assess current practices and

offering incentives for businesses that adopt skill-based hiring practices, fostering a culture of transparency and inclusivity in the labor market.

GENDER DYNAMICS

Regular Pay Equity Reviews. Encouraging businesses in Naga City to conduct regular pay reviews can help achieve gender pay equity. Utilizing existing systems such as HR management software and payroll audits allows companies to identify and address pay gaps without major operational changes. Consistent monitoring fosters a fair work environment and contributes to a balanced local economy.

Enhancing Gender Sensitivity Training. Enhancing gender sensitivity training through community programs, like PESO workshops, can reduce gender-related income disparities in Naga City. These workshops educate participants about the benefits of a gender-diverse workforce and encourage individuals to pursue careers based on interest rather than traditional roles. Sharing local success stories can challenge stereotypes and empower more individuals to explore diverse career options.

Integrating Gender Paychecks in Labor Assessments. Integrating gender paychecks into local government labor assessments can effectively address the gender pay gap in Naga City. This approach encourages companies to report their pay practices, promoting transparency and accountability. By fostering collaboration between employers and labor organizations, this strategy enhances workplace morale and stability, ultimately supporting the city's economic growth.

CONCLUSIONS AND RECOMMENDATIONS

This section presents the findings, conclusions, and recommendations from the data analysis to address the identified problems.

The Causes of Compensation Income Disparity

In Naga City, income disparity is significantly affected by academic qualifications, work experience, specialized skills, and gender dynamics, as employers often prioritize educational credentials, particularly specialized degrees, which can widen income gaps for workers whose qualifications do not align with their job roles. Although experience can enhance earning potential, transitioning between sectors may not always yield expected financial benefits due to varying industry demands. Specialized skills are typically valued more than multitasking abilities, with higher compensation offered to those with expertise in complex roles. Despite progress, gender biases in pay and promotion continue to affect women in leadership positions, hindering equitable career growth and compensation. To mitigate these issues, employers should prioritize skills, experience, and performance over formal education when determining salaries while collaborating with universities and training institutions to prepare job-ready graduates. Additionally, wages should be adjusted based on experience and

specialized skills, with pay premiums and bonuses to encourage expertise. Addressing gender disparities through regular pay audits, transparent promotion policies, and scholarships for women in male-dominated fields, supported by government enforcement, is essential to ensure equal opportunities for all professionals and foster a more inclusive workforce in Naga City.

Factors Affecting Compensation Income Disparity

The results indicate that several factors contribute to the disparity in compensation income in Naga City, with inflation being a significant economic factor that raises the cost of essential goods and prompts wage adjustments, while population growth influences the job market more gradually. Socially, the nature of employment plays a crucial role, as specialized positions command higher wages due to specific skill requirements, while less specialized roles generally pay less due to a broader pool of candidates. Furthermore, jobs offering flexible working hours may prioritize flexibility over higher pay. Politically, decisions regarding education, employment, and public services greatly impact compensation disparity; policies that invest in education and essential services enhance workforce skills, leading to better job opportunities and higher wages, although the political party system affects economic disparity over the long term rather than having an immediate impact on wages. To promote economic stability and social equity, policies should stabilize prices for essential goods and services, provide financial assistance, and ensure wage growth aligns with inflation. Employers must create stable employment, foster a supportive work culture, and invest in employee development to boost job satisfaction. Policymakers need to ensure fair decision-making, invest in education, implement targeted measures to reduce income inequality, improve job opportunities, and support economic stability through efficient resource allocation.

Significant Relationship Between The Various Causes Of Compensation Income Disparity And The Economic, Social, And Political Aspects.

Employees with more work experience typically receive higher compensation due to the connection between experience and economic factors, indicating that employers value experience in managing challenges like inflation. As employees gain experience, they develop skills that enhance their value, leading to pay raises. The very weak correlation between gender and social factors suggests that gender has minimal impact on wage determination, with academic qualifications and experience playing a more significant role. This indicates progress in reducing gender influence on pay decisions. Therefore, organizations should implement comprehensive systems that prioritize experience and skills in evaluating employee value, ensuring a transparent pay structure that aligns compensation with merit. Regular pay audits are crucial for identifying and addressing gender pay gaps, acknowledging the contributions of experienced individuals, and fostering equity, retention, and overall organizational success.

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