

## HR PRACTICES OF SELECTED FINANCIAL INSTITUTION IN CANTILAN

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### ABSTRACT

**Background:** This study aimed to determine series of HR practices that selected financial institution in Cantilan possessed and to identify the challenges that HR practices can bring in a financial institution. In the future, it will become increasingly obvious that your competitor will be as clueless as you are (Scott Adam). We have considerable number of financial institution in our locality, where competition is intense without employing HR practices which cater a positive impact on the personnel management, substantial clientele relationship that may affect and hamper the work performances among its workforce. The method used presents the research design, research respondent, research instruments, data gathering procedure and statistical treatment of data. The respondents are eligible either male or female of legal age between 21-40 years old. Thus, they can do the managing, adjust and have the capacity to perform multi-tasking. Most of the respondents are college graduates. In terms of years of experience, most of them have 1-6 years in this field. Furthermore, those HR practices are implemented in the selected financial institution in Cantilan, Surigao del Sur. Through this research we were able to determine series of HR practices of selected financial institution. As of today HR practices has great impact on the worker's productivity, it is very important for the employer to know as to what HR practice most likely needs to be maximized for the organization to increase productivity and to last longer in the business.

**Keywords:** Human resource management, Financial institution, Demographics, Workforce.

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## INTRODUCTION

In the future, it will become increasingly obvious that your competitor will be as clueless as you are (Scott Adam). We have considerable number of financial institution in our locality, where competition is intense without employing HR practices which cater a positive impact on the personnel management, substantial clientele relationship that may affect and hamper the work performances among its workforce.

HR practices and related activities on the actual work performance are significant in the correct demonstrations of principle of the policies to ensure that responsibilities met the standards. Substantial research on the HR practices performance relationship has demonstrated that HR practices are related to a number of firm performance measures such as market value (Huselid, 1995), return on equity (Delery and Doty, 1996), and operational measure of performance (MacDuffie, 1995). While the literature establishing an HR – performance relationship is substantial, what is lacking is empirical research examining the mechanisms through which this relationship works (Wright & Gardner, 2003). Authors have referred to this as the “black box” problem, and many have called for more theory and research on the mediating mechanisms through which HR practices influence organizational performance (Becker and Gerhart, 1996).

Demographic trends are also important, as the size of different demographic groups will change over time as a result of economic, cultural and political circumstances. Workforce demographic is simply a characteristic used to group people, like age, generation, culture or gender. In a workforce strategy some analyze demographics for insights into why specific events are occurring, like challenges with attraction, retention, engagement and performance. They have found that certain demographic groups share similar beliefs and these beliefs trigger common and often, predictable, behaviors. It is true that not everyone within a demographic group share similar beliefs and behaviors. While they agree that the more you attempt to pinpoint a specific attribute, the more error you will incur, there is a middle range where the right amount of generalization regarding beliefs or behaviors will produce accurate interpretations about a demographic group. (Robert I. Lerman)

The researcher wants to know the HR practices of the selected financial institution located in Cantilan. To be able to determine each firms ways in implementing such practices. To know how employees adopted it. To be able to compare the HR practices of PAG-ASA Lending Corporation, CFC and Rural Bank of Lanuza (Canitlan Branch) and to know what firm gives the best HR practices.

## OBJECTIVES OF THE STUDY

This study affects the selected financial institution in Cantilan, Surigao del Sur. The study specifically sought to answer the following

1. What is the demographic profile of the employees in terms of?
  - 1.1 Age
  - 1.2 Gender
  - 1.3 Educational Attainment
  - 1.4 Work Experiences
2. What are the HR practices towards employees in terms of?
  - 2.1 Recruitment and Selection
  - 2.2 Training and Development
  - 2.3 Cooperation
  - 2.4 Performance Appraisal
  - 2.5 Safety and Health
3. Based on the findings what intervention can be proposed?

### Significance of the study

This study would be significant to the following individuals/groups:

**Employees** – designated person to work on a specific job assignment, who will be developed by the HR practices used in their organization and who will be encouraged to take part in reaching the goal of the organization.

**Financial Institution** – the result of the study will serve as guide and give awareness as to the best HR practices that they could consider and adopt in their organization.

**HR Management** – they would be able to determine HR practice that they might add up to their existing practices that can help their firm.

**Future researcher** – they would be able to benchmark from this study and help them when they engage in related study.

**Students** – this study will prepare them and widen their perspective on HR practices of financial institutions.

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## REVIEW OF RELATED LITERATURE AND STUDIES

In order to examine the relationship between HRM practices and job satisfaction, the researchers, academicians and policy makers have investigated several studies in different time periods. Many researchers have demonstrated that HRM practices and job satisfaction are the key for employee performance. In this paper, an attempt has been made to assess the relationship between HRM practices and job satisfaction of private sector bank employees.

There are various HRM practices as discussed by various researchers and academicians. Katou (2008) conducted a study to measure the impact of HRM practices on organizational performance in manufacturing sector of Greece. The results indicated that the relationship between HRM practices (resourcing and development, compensation and incentives, involvement and job design) and organizational performance is partially mediated through HRM outcomes (skills, attitudes, behavior), and it is influence by business strategies (cost quality, innovation). The study concluded that HRM practices associated with business strategies will affect organizational performance through HRM outcomes. Iqbel et al (2011) conducted a study to compare the HRM practices of public and private universities of Pakistan among executives. The study found that there was a significant difference in HRM practices in public and private universities. HRM practices such as job definition, training and development, compensation, team work and employees participation were better in the public universities than private universities. Study further found that performance appraisal practices were better in the private universities than public sector universities. Zulfqar et al (2011) investigated a study to examine the relationship and nature between HRM practices (compensation, performance, evaluation, and promotion practices) and employee perceived performance in the banking sector of Pakistan. The results of the study found that the employee perceived performance and HRM practices has the positive and significant relationship. Further results based on analysis indicated that performance evaluation and promotion practices are significant but the compensation practices are not significant. A similar study on bank employees was conducted by Majumber (2012) to gain an insight in the current HRM practices (recruitment and selection systems, compensation package, job security, career growth, training and development, management style, job design and responsibilities, reward and motivation and working environment) and its impact on employee's satisfaction on the private banking sector in Bangladesh. The study revealed that most of the employees are dissatisfied with compensation package followed by reward and motivation.

Therefore, it is really necessary to understand the importance of having a better HR practices. Relating it to our topic, its necessary to understand more of it in order to determine the possible challenges that a firm might encounter and to be more considerate to grab all opportunities that the HR practices can bring, making it a competitive advantage.

HR practices function to provide opportunities to participate in substantive decision making regarding work and organizational outcomes. These include such practices as quality circles, suggestion systems, granting discretion and authority on the job, information sharing about the service or production process and opportunities to communicate with employees and managers in other workgroups. This is one area where differentiation may be seen across a variety of business processes. For instance, Starbucks, the outstanding coffee retailer, seeks operational excellence in the processes used to make a cup of coffee. A number of training programs teach specific procedures for exactly how much of each ingredient should be used, in what order, etc. In these processes there is little opportunity for employees to deviate from the prescribed behavior.

Any organization, may it be profit oriented or not for profit, the most vital asset is its personnel. And for these organizations to maximize their assets, they should manage the employees' working condition with intelligence and efficiency (Ulrich, 1998). They must be allowed to be involved in making work-related decisions to further enhance the organizational structure (Delaney & Huselid, 1996).

According to Barbeschi 2002, the process of making an organization is simultaneously the growth and maintenance of relationships among individuals who are working towards a common goal and the actual accomplishment of tasks, individually and collectively. In any organization, there exist two dimensions. The technical dimension includes elements that are generally visible but hard to decipher like the control systems, structures and techniques and procedures.

Therefore, organizations growth may be influenced by the HR practices. And it's under the supervision of the HR management to control it and convert it into a positive outcome because there are some demographics of workforce that can greatly affect a firm negatively.

## **METHODS**

This chapter presents the research design, research respondent, research instrument, data gathering procedure and statistical treatment of data.

## RESEARCH DESIGN

The descriptive survey method of the research was utilized in this study using questionnaires as the main instrument in gathering data of the study. This method is a fact finding investigation which gathers data, based on the present condition when the study was conducted.

## RESPONDENT

The subject and respondents of the study are composed of the employees in Rural Bank of Lanuza, Carcanmadcarlan Financing Corporation, & PAG-ASA Lending Corporation. Table 1 shows the distribution of respondents in the whole research study.

**Table 1.** Distribution of Respondents

Number	Name	Employee	Manager
1	PAG-ASA Lending	5	0
2	CFC	18	0
3	Rural Bank of Lanuza (Cantilan Branch)	23	0

## RESEARCH INSTRUMENT

The instrument used in data gathering was through questionnaire. The construction of the questionnaires was developed accurately by the researcher's in a way that the respondent may understand the questions clearly.

There were two (2) parts of the questionnaire. Part 1 was about the personal information of the employee in PAG-ASA Lending Corporation, CFC, Rural Bank of Lanuza with reference to their Name, Age, Sex, Highest Educational Attainment, Nature of work and Years of experience.

### Data Gathering Procedure

The researchers sent a letter of request asking permission from the participant they distributed the questionnaires to, before examining the effect of job rotation on the employees of PAG-ASA Lending Corporation, CFC and Rural Bank of Lanuza – Cantilan Branch.

The researchers gave the participants the option to answer it while they wait or the researchers would retrieve the questionnaires the next day. Upon retrieval of the answered questionnaires, researcher examined it and were able to analyze the HR practices of selected financial institutions in Cantilan.

### Statistical Treatment of Data

The following statistical tools where utilized in the analysis and interpretation of data:

**Percentage** – will be used to determine the proportion of the data.

$$P = (F/N)(100) \quad (1)$$

Where:

P = Percentage      N = total number of cases

F = frequency      100 = constant

Weighted mean – will be used in determining what are the HR practices towards employees are.

**Table 2.** Scale and Qualitative Description

Weight	Scale	Interpretation
3	2.36-3.00	Strongly Agree
2	1.68-2.35	Agree
1	1.00-1.67	Disagree

### Presentation, Analysis and Interpretation of Data

This chapter gives clear details on the data being gathered by the researchers. The data will be presented, analyzed, and interpreted.

**Part I Demographic profile of the employees****Table 2: Demographic profile - Age**

Age	PAG-ASA		CFC		RBL	
	F	%	F	%	F	%
>=20	0	0%	0	0%	2	9.09%
21-30	5	100%	14	66.67%	12	54.55%
31-40	0	0%	6	28.57%	6	27.27%
41-50	0	0%	1	4.76%	2	9.09%
50 above	0	0%	0	0%	0	0%
Total	5	100%	21	100%	22	100%
Note: F = frequency % = percentage						

Table shows that all of the respondents surveyed in PAG-ASA Lending Corporation were 21-30 years old. This finding suggests that all the respondents in the said financial institution surveyed were 21-30 years old.

As to the CFC respondents age's 21-30 got the highest percentage which is 66.67%. Less than 20 and above got 0%, which basically shows that majority of its workers were 21-30 years old.

Not surprisingly, the RBL also got the same highest percentage of worker as the CFC with 54.55% ages 21-30. There were no employees aging 50 above. The result shows that majority of the worker were 21-30.



**Table 3.** Demographic profile - Gender

Gender	PAG-ASA		CFC		RBL	
	F	%	F	%	F	%
Male	2	40%	11	52.38%	3	13.64%
Female	3	60%	10	47.62%	19	86.36%
Total	5	100%	21	100%	22	100%
Note: F = frequency % = percentage						

Table 3 shows that in PAG-ASA Lending Corporation, majority of the respondent were female having the average of 60% over the male with 40%. In CFC, majority of the respondents were male having 52.38% compared to female with only 47.62%. Most of the respondents in RBL were female having 86.36% while 13.64% are male. The result shows that the selected financial institutions employee differs as to their workers gender.

**Table 4.** Demographic profile – Educational Attainment

	PAG-ASA		CFC		RBL	
	F	%	F	%	F	%
Vocational	1	20%	7	33.33%	2	9.09%
College Graduate	2	40%	9	42.86%	16	72.73%
Post Graduate	2	40%	5	23.81%	4	18.18%
Total	5	100%	21	100%	22	100%
Note: F = frequency % = percentage						

Table 4 shows that in PAG-ASA, most of the employees are college graduate and post graduate having percentage of 40% while 20% to the vocational. The finding shows that most of the employees in PAG-ASA are degree holder.

In CFC, majority of the employees are college graduate having a percentage of 42.86% and the post graduate employee got the lowest average which is 23.81%. The finding shows that majority of the employees are college graduate.

RBL got the same result as the CFC as to the highest percentage of employee that is 72.73% college graduate. And the lowest number of percentage are the vocational graduate having a percentage only of 9.09%. The finding shows that most of the employees in RBL are college graduate.

**Table 5.** Demographic profile – Work Experiences

	PAG-ASA		CFC		RBL	
	F	%	F	%	Fy	%
>1 year	0	0%	2	9.52%	1	4.55 %
1-3	3	60%	11	52.38 %	9	40.9 1%
4-6	2	40%	7	33.33 %	6	27.2 7%
7-10	0	0%	1	4.76%	6	27.2 7%
Total	5	100 %	21	100%	22	100 %
Note: F = frequency % = percentage						

Table 5 shows that the selected financial institution surveyed got the same result as to the highest percentage of its employees work experiences that is 1-3 years. PAG-ASA got 60%, CFC got 52.38% and RBL 40.91%.

On to the lowest percentage of work experiences they vary. PAG-ASA got 0% in below one year, and 7-10 span of work experience, CFC got 4.76% to that 7-10 years of experience and lastly RBL got 4.55% in the below one year range. The finding shows that most of the employees in the selected financial institution got the same result at the range of 1-3 years work experience.

## Part II HRM Practices

Table 6. HR Practices – Recruitment and Selection

	PAG-ASA		CFC		RBL	
	AW M	I	AW M	I	AW M	I
Transferring an employee from one location/department to another	2.8	S A	2.38	S A	2.27	A
Talking the employee higher up in the hierarchy	2.6	S A	1.33	D	1.77	A
Hiring former employee	1.6	D	1.29	D	1.00	D
Social networking	2.6	S A	2.05	A	1.45	D
Job notification in the print/online media	2.2	A	2.14	A	1.32	D
College comprises	2.4	S A	2.14	A	1.41	D
Placement agents	1.6	D	1.48	D	1.05	D
Unsolicited	1.6	D	1.57	D	1.45	D

applicants						
Employee referral	2.2	A	2.10	A	1.82	A
Employee exchange	2.2	A	1.86	A	1.41	D
Labour contractors	1.4	D	1.29	D	1.14	D
Note: AVM = Average weighted mean I = Interpretation SA = Strongly Agree A = Agree D = Disagree						

Table 6 shows the effect of HR Practices in terms of recruitment and selection. PAG-ASA got 2.8%, CFC 2.38%, and RBL 2.27% for transferring an employee from one location/department to another, which is the highest for the three financial institution.

All the three selected financial institution got the lowest percentage in hiring former employee, PAG-ASA 1.4%, CFC 1.4%, and RBL 1.0%.

**Table 7.** HR Practices – Training and Development

	PAG-ASA		CFC		RBL	
	AWM	I	AWM	I	AWM	I
Customer relation training	3	SA	2.63	SA	2.5	SA
Employee training	3	SA	2.76	SA	2.64	SA
Leadership training	3	SA	2.52	SA	2.68	SA
Note: AVM = Average weighted mean I = Interpretation SA = Strongly Agree A = Agree D = Disagree						

The findings in table 7 show the effects of HR practices in terms of training and development to the employee of PAG-ASA, CFC, and RBL. All of them had strongly agree in terms of customer relation training, employee training and leadership training.

**Table 8.** HR Practices – Compensation

	PAG-ASA		CFC		RBL	
	AW M	I	AW M	I	AW M	I
Fixed pay based on government standard	3	S A	1.7 6	A	1.8 6	A
Position based pay (job duties and responsibilities)	3	S A	2.5 7	S A	2.2 3	A
Performance based pay	2.6	S A	2.1 9	A	2	A
Skill based pay	2.2	A	2.1 0	A	1.6 4	D
Supply based pay	2.2	A	1.9 5	A	1.3 6	D
Note: AVM = Average weighted mean I = Interpretation SA = Strongly Agree A = Agree D = Disagree						

Table 8 shows the effects of HR practices in terms of compensation. PAG-ASA got the highest percentage in Fixed pay based on government standard 3% and position based pay (job duties and responsibilities) 3%, while the strong practice for CFC and RBL is position based pay with 2.57% and 2.23%, respectively.

**Table 9.** Performance Appraisal

	PAG-ASA		CFC		RBL	
	AW M	I	AW M	I	AW M	I
Based on target	3	S A	2.43	S A	1.6 8	A
Based on performance	3	S A	2.8	S A	2.2 7	A

Note: AVM = Average weighted mean  
 I = Interpretation  
 SA = Strongly Agree  
 A = Agree  
 D = Disagree

Table 9 shows the effect of HR Practices in terms of performance appraisal. PAG-ASA got 3% both for based on target and based on performance; CFC 2.43% based on target and 2.43% based on performance; RBL 1.68% and 2.27% respectively.



**Table 10.** Safety and Health

	PAG-ASA		CFC		RBL	
	AW M	I	AW M	I	AW M	I
Company collectors are allowed not to do their task without safety precaution.	2.8	S A	2.43	S A	2.5	SA
Security system	1.2	D	2.71	S A	2.73	SA
Insurance of workers (monthly check-up)	1.8	A	2.42	S A	2.0	A
Note: AVM = Average weighted mean I = Interpretation SA = Strongly Agree A = Agree D = Disagree						

Table 10 shows the effect of HR Practices in terms of safety and health. For company collectors not allowed to do their task without safety precautions, PAG-ASA got 2.8%, CFC

2.43%, RBL 2.5%. Findings show that the selected financial institutions make sure that company collectors are safe.

### **SUMMARY**

The respondents for the study were employees of selected financial institution in Cantilan, Surigao del Sur namely; PAG-ASA Lending Corporation, Carcanmadcarlan Financing Corporation and Rural Bank of Lanuza – Cantilan Branch. Data was gathered through the distribution of questionnaires to the employees

The respondents are eligible either male or female of legal age between 21-40 years old. Thus, they can do the managing, adjust and have the capacity to perform multi-tasking. Most of the respondents are college graduates. In terms of years of experience, most of them have 1-6 years in this field. Furthermore, those HR practices are implemented in the selected financial institution in Cantilan, Surigao del Sur.

### **RECOMMENDATION**

The researchers aim to provide the necessary information on the importance of HR practices which are beneficial to the company's development and boost the high morale among its workforce to significantly perform better work performance to sustain the potential of the company leading towards a stronger financial institution in the community. These concerns are preferably recommended to sustain the employment among its employees, and do their obligation to their families and community with distinction and confidence.

### **CONCLUSION**

Through this research we were able to determine series of HR practices of selected financial institution. As of today HR practices has great impact on the worker's productivity, it is very important for the employer to know as to what HR practice most likely needs to be maximized for the organization to increase productivity and to last longer in the business.

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