

HUMAN RESOURCE MANAGEMENT PRACTICES IN THE PHILIPPINES

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Seventy six human resource (HR) managers of public and private firms participated in a survey about human resource management (HRM) practices. Two of the more notable findings of the study are: 1) although HR departments continue to be strongly involved in traditional, bureaucratic personnel management functions (recruitment, selection, record-keeping, etc.), there are indications of their increasing participation in strategic decision-making of their firms (development of HR strategies, initiation and implementation of strategic HR programs); and 2) HRM is increasingly recognized as somewhat of a profession with a body of specialized knowledge, a service objective, a code of ethics and an organized professional society or association. The challenge facing HR managers is how to sustain efforts to develop HR departments into strategic partners playing a vital role in pursuing the firms' strategic directions.

Human resource management (HRM) in the Philippines, as in most other countries in many parts of the world, is faced with many challenges brought about by changes in the world scene. Globalization, the growth of multicultural corporations, improved technologies, etc. are phenomena which affect the way human resources in organizations are managed. Since the Philippines has increasingly become an active participant in the global marketplace it cannot escape the effects that globalization brings.

It is said that human resources are a primary source of competitive advantage. Recognizing this scholars have begun to focus their attention on the study of human resource systems and practices to determine the role they play in preparing organizations as they meet in action the challenges of competing in the global economy. This paper is an attempt to contribute to the growing list of research in this area, with focus on Philippine human resource management.

The description of human resource management practices in this study is based on a survey undertaken in 1997

involving private sector firms and government agencies. The survey questionnaire used was patterned after the instrument designed by Professors Larry F. Moore and P. Devereaux Jennings of the University of British Columbia in connection with their project on HRM systems and practices in countries on the Pacific Rim.

In this study of Philippine human resource management practices, questionnaires were sent to private firms belonging to the Top 1000 corporations and government agencies. Of the four hundred fifty (450) questionnaires sent out, seventy six (76) were completed and returned. The questionnaires were accomplished by the HR managers.

HR Managers in Profile

The respondent group consisted of fifty one percent (51%) female and forty nine percent (49%) male. Thirty-three respondents (43%) were in their forties and about the same number were in their twenties and thirties. More than half or thirty nine (39) respondents had bachelor's degrees, about forty five

percent (45%) had graduate degrees, suggesting a well-educated and relatively young group of managers. The managers' educational backgrounds varied but the largest group (17%) had degrees in management. The second largest group (12%) had degrees in psychology. Others had formal training in accounting, economics, public administration, law, engineering, philosophy, etc.

Extent of Involvement of the HR Department in Key HR Activities

Survey results showed the HR departments' very strong involvement in or emphasis on traditional personnel management functions such as recruitment, selection, hiring, record keeping, HR planning, job description and evaluation, compensation design and applications, performance appraisals, etc. (Table 1). Since these activities involve detailed procedures, it may be said that a bureaucratic regime continues to exist in the firms surveyed.

Among the activities in which the HR departments had low to moderate involvement were safety programs, work teams, suggestion system, time and motion studies, quality circles and child care. In fact in almost forty-nine percent (49%) of the private firms, child care was non-existent. Yet in the government sector, the Civil Service Commission has launched its own day care center to assist working mothers.

In the United States and Canada, safety programs are an important and sensitive social and legal issue that most HR departments are heavily involved in this activity (Moore and Jennings, 1995). In the Philippines, safety programs do not appear to be a major responsibility of HR departments as yet although survey results showed all firms except six pursuing safety programs, suggesting that safety programs are probably implemented by the operations units. Survey results also showed that quality circles are non-existent in about twenty five percent (25%) of the firms.

Table 1
Extent of Involvement of HR Department in Key HR Activities

	Percent Reporting Strong or Sole Involvement
Recruiting	93.42
Record keeping of personnel files	93.42
HR planning	90.78
Selection	84.21
Hiring	82.89
Job evaluation	78.95
Forms contracts with HR consultants	77.63
Job description	75.00
Compensation: application	75.00
Compensation: design	73.68
Employee recognition	72.37
Performance appraisal	72.37
Leave privileges	72.37
Job analysis	69.74
HR research	69.74
Exit interview	69.74
Incentive/merit pay	69.73

Table 1 (cont'd.)
Extent of Involvement of HR Department in Key HR Activities

	Percent Reporting Strong or Sole Involvement
Management training	68.42
Basic job training	67.11
Employee insurance	67.01
Grievance procedures	64.47
Promotion	63.16
Involuntary separation	63.16
Fitness programs	63.15
Organization reviews	61.84
Control/discipline	59.21
Job design changes	55.26
Transfer	52.63
Pension	52.63
Career counseling	52.63
Bonus plans	51.32
Job enrichment	51.32
Job enlargement	50.00
Co-sponsored education	50.00
Voluntary separation	47.37
Contract negotiation	46.06
Suggestion system	36.84
Safety programs	34.21
Quality circles	31.58
Work teams	31.58
Time and motion study	21.06
Child care program	5.27

Perceptions of HR Practitioners about People's Impressions of HRM

The HR managers were asked what impressions others in and out of the firm have of the HR office, its people, language and programs. The findings (see Table 2) are as follows:

1. The perception of a vast majority of the respondents was that both insiders and outsiders view the personnel office as an aid and not a nuisance.
2. However, only half of the respondents felt that those inside the firm and the outsiders believe that personnel people have provided leadership in hiring and promoting the best or most qualified candidates.
3. A large majority believed that the personnel office is seen by those inside the firm as speaking a language that is generally understood. However, fewer respondents believed that outsiders think the language of personnel specialists is understood by others in the firm.
4. The perception of a large majority was that outsiders and insiders look at personnel programs as having the respect and confidence of employees in the organization.
5. A large majority (60%) of the respondents disagreed that people inside the organization feel that the HRD exists primarily for management. However, only about

forty percent (40%) disagreed that outsiders view the personnel office

as being primarily responsible to management than to the employees.

Table 2
Perceptions of HR Practitioners About People's Impressions of HRM*
(Percent Reporting)

		Inside Organization	Outside Organization
The personnel office is a nuisance, not an aid.	Agree	6.58	6.58
	Disagree	89.47	71.05
Personnel people have provided the vigorous positive leadership needed to support merit principles in such actions as selection.	Agree	47.37	50.00
	Disagree	11.84	9.21
Personnel people tend to speak their own special language that is hard for others to understand.	Agree	9.21	18.42
	Disagree	76.32	48.67
Most personnel programs have the respect and confidence of employees in the organization they serve.	Agree	76.32	59.21
	Disagree	13.16	11.84
The primary responsibility of the personnel office is to management than to employees.	Agree	26.31	32.90
	Disagree	61.84	39.47

*Strongly agree and agree categories were combined. Strongly disagree and disagree categories were combined. No response and no opinion categories were omitted.

Human Resource Management as a Profession

To what extent do the HR managers view their field as a profession? When asked their opinion about what characteristics of a profession "described" or "somewhat described" the field of HRM, the respondents listed the following:

1. HRM is recognized by the public as a profession.
2. It has a service objective.
3. It has a body of specialized knowledge.
4. There is a collegiality among practitioners.
5. It has a code of ethics.
6. It has an organized professional society or association.

Majority of the respondents agreed that it was not descriptive to say that HRM practitioners are licensed or certified as such.

These findings (see Table 3) are consistent with those reported for Canada and the United States. On the other hand, HR managers in Korea, New Zealand, Japan and Thailand believed that most Asian firms are less likely to professionalize the HRM function. In Japan for example the HRM function is carried out by executives with operations responsibility since Japanese firms in general avoid highly specialized organizational roles (Moore and Jennings, 1995).

Table 3
Perceptions of Professionalization of HRM
(Percent Reporting)

	Not Descriptive	Somewhat Descriptive	Very Descriptive
A body of specialized knowledge with standardized terminology	9.21	69.74	17.11
Widely recognized certification based on standardized training	17.11	68.42	9.21
Code of ethics	13.16	63.16	19.74
Members oriented towards a service objective	3.95	53.95	38.16
Recognized by the general public as a distinct profession	2.63	76.31	17.11
Limited access to the field based on acquisition of standard skills/knowledge	15.79	75.00	3.95
A professional society or association which among other things, represents and gives voice to entire field	9.21	73.69	11.84
Practitioners are licensed	55.26	38.16	1.32
Close collegiality among practitioners	10.53	68.42	15.79

Note: Percentages do not total 100 percent. Some respondents left some questions unanswered.

Strategic Human Resource Management

If HR departments are to assert their importance in the organization, they must assume a more strategic role to support the firm's struggle to respond to opportunities and threats of the environment. This means that beyond the traditional personnel management functions, HR departments must be able to link their functions and activities with the strategic goals of the organization. For example, the reward system must be matched with

the organization's strategies and linked to the accomplishment of the organization's goals. Performance appraisal systems must be adjusted to reinforce behaviors needed to accomplish goals. Training and development must be tied to the overall strategic objectives of the organization. Human resource planning must take into account the organization's business strategy. HR departments must also get more involved in strategic decisions and not merely play a reactive, passive role.

Table 4
HR Involvement in Strategic Decision Making

	TO A LARGE Five years ago (Percent Reporting)	EXTENT Now
Participation in developing human resource strategy	36.84	81.58
Initiation of strategic HR programs	38.16	85.52
Implementation of strategic HR programs	47.37	88.15
Participation in overall business planning	23.69	59.21
Participation in implementing business plans	22.37	57.90

In this survey the HR managers were asked about their involvement in strategic decision making in their firms at the present time as well as five years ago. The results in Table 4 show an increasing involvement of the HR departments in high level planning and in the implementation of business plans since five years ago. More than half of those surveyed has reported increasing participation by the HR departments in these two activities. However, a vast majority reported that the HR departments are now more involved in

developing human resource strategies and in the initiation and implementation of HR programs.

Thus while it has been found that most HR departments continue to perform and have control over traditional personnel management functions, many have also begun to go beyond these functions to become more involved in more strategic decisions - an indication of attempts to integrate HRM more and more into the strategic decision process in the organization.

Other Findings

1. The three HR activities considered to be implemented most successfully were the following: a) training and development; b) recruitment; and c) compensation. The HR department's success in these activities was attributed to the support of top management and to the department's leadership. Least successful of the activities were performance appraisal, quality circles, job enrichment and career planning and development. Interestingly the reason cited for the lack of success in these areas was the lack of management support.

2. When asked about their perception of the prestige which the HR function enjoys in the organization relative to other functions or departments, fifty percent of the respondents felt that the relative prestige of the HR department was best characterized as "medium". This response could very well be an indication of the relative location of the HR department in the organization's hierarchy.

3. Majority of the respondents also reported that the value of the HRM

function to the organization is best measured by the benefit plans which the HR departments coordinate and which the organization members enjoy, the cost effectiveness of HR activities undertaken, and training programs carried out.

4. All firms surveyed reported having their own performance appraisal systems. A very small minority (four percent) reported using peer evaluation, with all others following a system where the supervisor evaluates the subordinates. Yet performance appraisal has been identified as one of the least successful activities of the HR departments. Some reasons cited included the inability of the instrument to really measure performance, lack of cooperation in seriously pursuing this activity and lack of funds to reward good performance, thereby making performance appraisal ineffective if not useless.

5. Eighty percent (80%) of the respondents indicated that their HR departments maintain contacts with other HR departments in other organizations,

suggesting the existence of a network linking them together. A lot of information sharing is done through this network. Information most frequently shared have to do with compensation and benefits, performance appraisal and training and development.

6. In the opinion of the respondents, the HRM function has undergone very significant changes in the last 5 years - moving it closer to becoming a strategic partner of management in furthering the goals of the organization. Two of the more significant changes that have occurred in the past years were: a) changing orientation of HRM from being procedural and reactive to being strategic and more employee-oriented; and b) professionalization of HRM.

When asked what issues are likely to have the greatest impact on HRM in the next five years, the top three answers were:

- employee empowerment
- outsourcing HR functions
- changing work designs, styles and environment due to information technology and computerization

The Future of HRM in the Philippines

The preceding sections provide an overview of human resource management practices as perceived by HR managers. In analyzing the results, some conclusions are worth highlighting:

There are indications of renewed efforts on the part of both employers and government policy makers to emphasize

human resource development (Amante, 1997). Moreover, management people now acknowledge that there is need for firms to invest time and resources on ways to reduce industrial relations tensions (Ofreneo, 1995). With increased participation by management in developing human resources and in promoting industrial peace, there is need to reorient ways and means by which human resource management is carried out.

Management must now look more closely into the needs of its workers by involving them more as partners as it pursues its goals. This highlights the role of HR departments as it begins to transform itself into a strategic partner of management.

The shift towards professionalizing the HR function as was evident in the survey may be seen as a preparatory step in the HR department's assertion of its strategic role in the organization. As its role becomes more strategic, the expectation is that there will be a shift in orientation from the more traditional bureaucratic activities to the more proactive functions to assist management in its encounters with the opportunities and threats brought about by the environment.

Along the way, two possibilities can happen to HRM given the uncertainties of the future. HRM can grow and develop into a more strategic unit in the firm making it an important and key player as the firm pursues its strategic directions. Or, it could get marginalized as outsourcing of HR functions becomes more efficient and effective. This second possibility is the challenge which HRM managers must face squarely.

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