



Survey on Human Resource Management Practices

(Second of a three-part series focusing on corporate ethical standards)

INTRODUCTION

Business enterprises often set ethical as well as operational or business values for themselves which they aspire to observe in their day-to-day operations. Ethical values are those standards that relate to honesty, respect, openness and responsibility whereas business values often focus on efficiency, service, quality, growth and profit.

Corporate ethical standards - which are translated into concrete policies and procedures - aim to provide guidance to staff in making decisions that are based on company's beliefs and values.

This issue of LABSTAT Updates is the second of the three-part series on the results of the "Survey on Human Resource Management Practices". Specifically, it looks into the existence of company policy or code of ethics in the enterprises covered in this survey and the manner in which these are being communicated and implemented.

Survey results were based on the replies of 400 large enterprises in National Capital Region which were drawn from the List of Top 5,000 Enterprises in the Philippines as compiled by the Securities and Exchange Commission (SEC). Data

collection was conducted by the Bureau of Labor and Employment Statistics (BLES) from October to December 2007 as a rider questionnaire to the 3rd quarter 2007 Labor Turnover Survey (LTS).

SURVEY RESULTS

Adoption of code of ethics a norm among large business enterprises

- The adoption of a code of ethics or company policy is more of a norm than an exception among enterprises covered in this survey. Results indicate that the overwhelming majority of these enterprises (96.2% or 385 out of the total 400 respondents) confirmed the existence of this practice.

TABLE 1 – Existence of Code of Ethics/ Company Policy in Large Enterprises in National Capital Region: 3rd Qtr. 2007

| Item | No. | % Share |
|--------------------------|------------|--------------|
| Total Respondents | 400 | 100.0 |
| Yes | 385 | 96.2 |
| No | 15 | 3.8 |

Source of data: BLES, LTS 3rd Quarter 2007.

- A small proportion (3.8% or 15) of the respondents does not have a formal code of ethics/company policy. Majority of them (11 respondents) were enterprises engaged in wholesale and retail trade.

Mechanism for implementing code of ethics/company policies varies from firm to firm

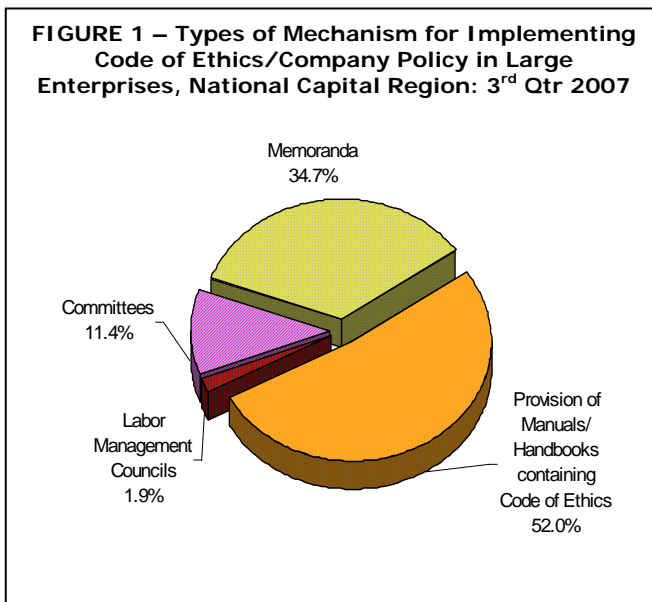
- Code of ethics is a formal statement of the values that are transformed into company's set of policies and procedures. Its effectiveness in motivating people and raising productivity awareness depends on the manner they are communicated to the workers and the extent management supports them with sanctions and rewards.
- Part of the success is the presence of a mechanism that implements as well as reinforces awareness and understanding of the code or policy among employees in the organization.
- Results of the survey revealed the presence of this type of mechanism in majority (95.8% or 369) of the respondents. Their absence was noted only in very few enterprises (16 or 4.2%).

| TABLE 2 – Presence or Absence of Mechanism for Implementing Code of Ethics/Company Policy in Large Enterprises in National Capital Region: 3rd Qtr. 2007 | | |
|--|------------|----------------|
| Item | No. | % Share |
| Total Respondents | 385 | 100.0 |
| Yes | 369 | 95.8 |
| No | 16 | 4.2 |

Source of data: BLES, LTS 3rd Quarter 2007.

- The types or forms of mechanism, however, vary from firm to firm. The most prevalent - as practiced

in more than one-half (52.0% or 192) of the respondents - is the provision of employee manual or handbook for each staff. This is to ensure that everyone is aware of personnel policies and the consequences of breaching them.



Source of data: BLES, LTS 3rd Quarter 2007.

- A fairly large proportion (34.7% or 128) of the respondents relies on its Human Resource Department to carry out this task through the issuances of office orders or memoranda. This practice is particularly common in financial intermediation (43.6%), real estate, renting and business activity (41.4%) and wholesale and retail trade (37.5%).
- Other firms (11.4% or 42) form special committees that handle the implementation of company policy and procedures.

- Only few respondents (1.9% or 7) have institutionalized the task through the Labor Management Councils (LMCs).

TABLE 3 – Mechanisms for Implementing Code of Ethics/Company Policy in Large Enterprises in National Capital Region: 3rd Qtr. 2007

| Type | No. | % |
|------------------------------------|------------|--------------|
| All Types | 369 | 100.0 |
| Company Manual/Handbook | 192 | 52.0 |
| Issuance of Memo/ Office Orders | 128 | 34.7 |
| Special Committees | 42 | 11.4 |
| Labor Management Council | 7 | 1.9 |

Source of data: BLES, LTS 3rd Quarter 2007.

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