

# Treat your employees responsibly – USSPM no.5

## Results from the Philippines

### Rationale

This insight aims at contributing to the market transparency by providing an **independent analysis** of the implementation of USSPM #5 in the **Philippines**.

MicroFinanza Rating's Social Rating [methodology](#) is fully aligned with the Universal Standards for Social Performance ([USSPM](#)) and includes a dedicated annex where the implementation of each standard can be demonstrated ([USSPM external validation](#)).

### Source of information

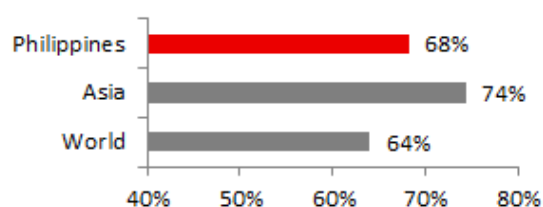
MicroFinanza Rating has conducted 750+ evaluations in 70 countries since 2001.

Source of this insight: 130 [social ratings](#) conducted from 2007 to 2012, including the Philippines. The graphs below show the rating social scores assigned to the different standards. The sample is not meant to be representative of the entire microfinance industry. The results can only be referred to the sample of rated MFIs.

### USSPM no. 5a: The institution follows a written HR policy that protects employees and creates a supportive working environment

Intermediate implementation - validated by Social Ratings in the Philippines

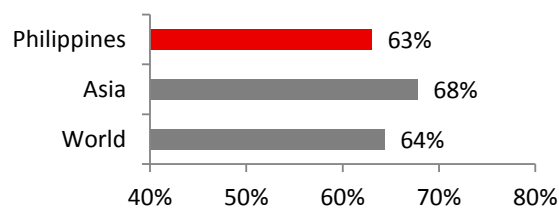
#### Human Resource policy & employee protection



The HR policies generally show a good level of formalization. The employees' rights are clearly spelled out and non-discrimination procedures are enforced in the majority of cases. A Code of Conduct is available and adequately disseminated among staff.

Nevertheless the complaint resolution system is often informal. The Philippines sample scores better than the global benchmark but slightly lower than the Asia.

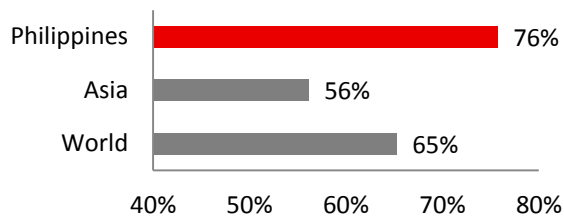
#### Employment contract



The labor contracts are in compliance with the local legislation and the personnel enjoy safe working conditions. The staff is usually provided with adequate benefits such as health insurance. Unpaid or temporary staff is rarely employed. Salaries comply with

the minimum wage regulation. However, they are often less attractive than the banking sector and their level is not formally monitored. Compared to the regional and international benchmark, the Philippines sample has a slightly lower score.

### Equal opportunities

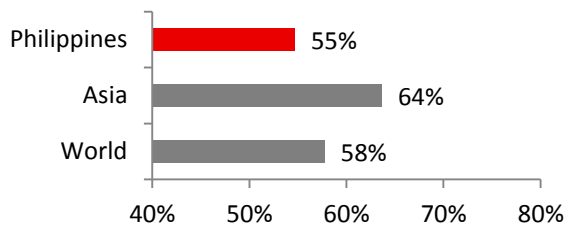


Equal opportunities are promoted: the gender balance is generally good at the staff and the management level (52% and 45% respectively - average of 11 ratings). The equal opportunities in the Philippines score higher than both the regional and the global benchmark of MicroFinanza Rating (global average: 47% female staff and 35% female management).

### USSPM no. 5b: The institution communicates to all employees the terms of their employment and provides training for essential job functions.

Intermediate implementation - validated by Social Ratings in the Philippines

#### Job specific training, performance evaluation



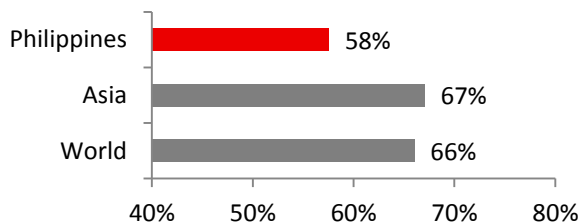
Trainings are generally available for all the employees and the offer is rather wide. Nevertheless the Philippines scores less than the regional and the international benchmark as the trainings do not always meet the staff specific needs. Areas for improvement are observed in the implementation of an effective training needs assessment. The staff appraisal is

performed in the majority of cases, even if the performance indicators are not always fully defined to ensure an adequate career plan development. The latter is sometimes hampered by the flat organizational structure and the power concentration at the top management level.

### USSPM no. 5c: The institution monitors employee satisfaction and turnover

Intermediate implementation - validated by Social Ratings in the Philippines

#### Monitor employee satisfaction and turn-over



The system to monitor staff satisfaction and turnover is overall adequate, even if slightly worse than the regional and global benchmarks of MicroFinanza Rating. MFIs have different levels of formalization of the information consolidation, analysis and reporting depending on their maturity. The staff turnover rate in the Philippines varies, but its average (16.3%) is overall in line with our global benchmark.

The capacity to retain human resources is lower among NGOs and cooperatives, where the higher remuneration in other sectors is reported as the most common reason of voluntary resignation.

### Conclusion

The results from the field show that overall the rated MFIs in the Philippines are positively working towards the implementation of the USSPM no. 5. The MFIs demonstrate adequate results in terms of policy design and working environment while the appraisal systems still need to be fully implemented. Room for improvement is observed in the formalization of career paths and in the effectiveness of the training to meet specific needs and promote personal development. In some cases, the participation of staff and career advancements might be limited by flat organizational structures and some concentration of powers at governance and top management level. The staff satisfaction is adequately monitored with different levels of formalization. The formalization of staff complaint resolution systems represents an opportunity for improvement.