An Assessment of Human Resource Practices in South Luzon Manufacturing Companies: Basis for a Risk Management Planning Guide

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This study assessed prevailing Human Resource (HR) practices among manufacturing companies in South Luzon and examined their relationship with HR risk management practices. Using a descriptive-correlational research design, data were collected from HR professionals through structured survey questionnaires. Statistical tools such as frequency, weighted mean, ANOVA, and Pearson correlation were utilized. Findings revealed that HR practices were implemented to a very high extent across key domains, while HR risk management practices were likewise highly practiced, except in mergers and acquisitions and compensation-related risks, which were moderately implemented. Significant differences were observed when respondents were grouped according to profile variables, and a positive relationship was found between HR practices and HR risk management. Despite strong implementation levels, the absence of a unified HR risk framework was evident. The study proposes a Human Resource Risk Management Planning Guide to enhance organizational resilience and workforce stability.

Keywords: Human Resource Management, Risk Management, Manufacturing, South Luzon, Strategic HR

Introduction

Human Resource Management (HRM) has evolved from a transactional function into a strategic partner that drives organizational performance, innovation, and resilience. In the context of the Philippines—particularly South Luzon, a rapidly industrializing region—HR plays a critical role in sustaining manufacturing growth and competitiveness. The region, especially CALABARZON, serves as a major industrial hub contributing significantly to national economic output.

Modern HR practices encompass recruitment, workforce planning, performance management, training, and employee relations. However, alongside these functions is the growing need for HR risk management, which focuses on identifying and mitigating workforce-related risks such as compliance issues, talent shortages, employee disengagement, and data privacy concerns.

Despite the recognized importance of HR risk management, many organizations operate without a formalized and integrated framework. HR practices are often implemented in isolation, lacking alignment with risk mitigation strategies. This gap is particularly concerning in a post-pandemic environment characterized by labor market volatility, digital transformation, and evolving employee expectations.

While global literature emphasizes the importance of integrating HR and risk management, there remains limited empirical research in the Philippine manufacturing context. Thus, this study assessed the HR practices in South Luzon manufacturing companies and examined their relationship with HR risk management practices, ultimately proposing a comprehensive planning guide.

Method

This study utilized a descriptive-correlational research design to assess the extent of human resource (HR) practices and examine their relationship with HR risk management practices among manufacturing companies in South Luzon. The respondents consisted of HR professionals working in organizations within the CALABARZON region, selected through purposive sampling to ensure that participants possessed relevant experience and direct involvement in HR functions. Data were gathered using a structured questionnaire that measured key domains of HR practices, such as recruitment, training, compensation, and performance management, as well as HR risk management practices, including workforce risk, compliance, ethics, and employee data management. Prior to administration, the instrument underwent validation and reliability testing to ensure accuracy and consistency of the responses.

The data gathering process involved securing permission from relevant organizations and industry partners, including PMAP CALABARZON, followed by the distribution and retrieval of survey questionnaires. Collected data were analyzed using appropriate statistical tools to address the research objectives. Frequency and percentage were employed to describe the demographic profile of the respondents, while weighted mean was used to determine the extent of HR and HR risk management practices. To examine differences in practices across respondent groups, Analysis of Variance (ANOVA) was applied. Furthermore, Pearson correlation analysis was utilized to determine the relationship between HR practices and HR risk management practices, providing insights into how these variables are associated within the organizational context.

Results and Discussion

The demographic profile indicates that the respondents are largely composed of Generation Z professionals, suggesting the increasing entry of younger cohorts into HR roles within the manufacturing sector. The predominance of female respondents reflects the continuing feminization of the HR profession. Moreover, the fact that most respondents are college graduates with more than five years of experience implies that the data were sourced from individuals who possess both formal knowledge and practical expertise in HR management. This combination enhances the credibility and reliability of the findings, as respondents are well-positioned to assess both HR practices and associated risk management strategies.

Table 1
Demographic Profile of Respondents

Profile Variable	Dominant Category	Description
Age Group	Generation Z	Majority are young professionals
Gender	Female	Predominantly female workforce
Educational Attainment	College Graduate	Formally trained HR practitioners
Work Experience	More than 5 years	Experienced in HR functions

The results reveal that HR practices across all domains are implemented to a very high extent, indicating that manufacturing companies in South Luzon have established robust HR systems. This suggests strong alignment with organizational goals and compliance with industry standards. High ratings in recruitment, training, and performance management reflect a strategic focus on talent acquisition, capability development, and productivity enhancement. Similarly, the strong emphasis on workplace climate and health and safety indicates that organizations recognize the importance of employee well-being as a driver of performance.

Table 2
Extent of HR Practices

HR Practice Domain	Interpretation
Workplace Productivity & Climate	Very High Extent
Policies and Procedures	Very High Extent
Recruitment and Selection	Very High Extent
Training and Development	Very High Extent
Performance Management	Very High Extent
Health and Safety	Very High Extent

HR risk management practices are likewise implemented to a very high extent in most domains, particularly in workforce risk, compliance, data management, and ethics. This indicates that organizations are proactive in addressing critical HR-related risks such as legal compliance, data privacy, and ethical conduct. However, the moderate ratings in compensation and benefits risk and mergers and acquisitions suggest gaps in more specialized or strategic risk areas. These domains typically require advanced planning, financial integration, and strategic foresight, which may not yet be fully institutionalized within HR systems.

Table 3
Extent of HR Risk Management Practices

HR Risk Management Domain	Interpretation
Workforce Risk Management	Very High Extent
Compliance	Very High Extent
Employee Data Management	Very High Extent
Ethics	Very High Extent
Compensation and Benefits Risk	Moderate Extent
Mergers and Acquisitions Risk	Moderate Extent

The analysis revealed statistically significant differences in HR risk management practices when respondents were grouped according to their demographic profiles. This suggests that perceptions of HR risk management are not uniform and may be influenced by generational perspectives, professional experience, and individual contexts. For instance, more experienced HR professionals may demonstrate greater awareness of organizational risks, while younger professionals may have differing views shaped by digital and evolving workplace environments.

Table 4

Differences in HR Risk Management Practices by Profile

Grouping Variable	Result	Interpretation
Age	Significant	Perceptions vary across generations
Gender	Significant	Differences in perspective observed
Civil Status	Significant	Personal context influences perception
Experience	Significant	Experience shapes risk awareness

The findings indicate a positive and significant relationship between HR practices and HR risk management practices. This implies that organizations with well-developed HR systems are more likely to exhibit stronger risk management capabilities. Effective HR practices—such as structured recruitment, continuous training, and performance monitoring—serve as foundational mechanisms that reduce uncertainty and mitigate workforce-related risks.

Table 5

Relationship Between HR Practices and HR Risk Management

Variables Compared	Correlation Result	Interpretation
HR Practices and HR Risk Management	Significant (+)	Positive relationship established

The findings of this study affirm that human resource (HR) practices in South Luzon manufacturing companies are implemented to a very high extent, indicating a strong institutionalization of HR systems across key functional areas. This aligns with the evolving perspective of HR as a strategic partner in organizational success rather than a purely administrative function. Contemporary literature emphasizes that well-developed HR practices—particularly in recruitment, training, and performance management—contribute significantly to organizational effectiveness, employee productivity, and long-term competitiveness (Aguinis & Burgi-Tian, 2020; Hai & Park, 2024). In the manufacturing context, where operational efficiency and workforce stability are critical, the high level of HR practice implementation reflects an increasing alignment between HR functions and strategic business objectives (Lengnick-Hall et al., 2020).

Similarly, the very high extent of HR risk management practices in areas such as workforce risk, compliance, employee data management, and ethics suggests that organizations are becoming more proactive in managing workforce-related uncertainties. This supports the assertion that HR risk management is essential in mitigating potential disruptions arising from legal non-compliance, employee behavior, and data security concerns (Becker & Smidt, 2016; Garcia-Arroyo & Osca, 2021). The strong emphasis on compliance and ethics further reflects the growing regulatory pressures and ethical expectations placed on organizations, particularly in light of data privacy laws and global labor standards (Jena, 2024; Srivastava & Shah, 2024).

However, the moderate ratings observed in compensation and benefits risk and mergers and acquisitions (M&A) risk management reveal important gaps in more strategic and complex HR domains. These findings are consistent with prior studies indicating that organizations often struggle to integrate HR into high-level strategic decisions such as compensation structuring and post-merger integration (Prasad, 2024; Tukuboya et al., 2024). Compensation systems, while widely implemented, may not always be aligned with risk considerations such as equity, sustainability, and retention outcomes (Sorn et al., 2023). Likewise, M&A processes require sophisticated HR involvement in areas such as cultural integration, talent retention, and change management—areas that are frequently underdeveloped in many organizations (Groves, 2016). The moderate ratings in these domains suggest that while operational HR risks are well managed, strategic HR risks remain an area for improvement.

The significant differences in HR risk management practices across respondent profiles further highlight the role of individual and contextual factors in shaping perceptions of risk. Variations based on age, experience, and other demographic variables suggest that risk awareness and interpretation are influenced by generational perspectives and professional exposure. This finding is supported by research indicating that younger employees, particularly those belonging to Generation Z, tend to have different expectations and risk perceptions shaped by digitalization and evolving work environments (Ng et al., 2023; Schullery, 2017). Meanwhile, more experienced professionals may possess deeper insights into organizational risks due to prolonged exposure to workplace challenges (Makarius & Dachner, 2023). These differences underscore the need for organizations to adopt inclusive and adaptive HR risk management strategies that consider diverse perspectives.

The positive and significant relationship between HR practices and HR risk management provides strong empirical support for the principles of Strategic Human Resource Management (SHRM). This finding suggests that robust HR systems serve as foundational mechanisms for effective risk mitigation. Literature consistently demonstrates that integrated HR practices—such as workforce planning, continuous learning, and performance management—enhance organizational resilience by anticipating and addressing potential workforce disruptions (Kaufman, 2021; Becker & Smidt, 2016). Moreover, SHRM emphasizes the alignment of HR policies with organizational strategy, enabling firms to proactively manage risks while achieving competitive advantage (Lengnick-Hall et al., 2020).

Despite these strengths, the study reveals a critical structural gap: the absence of a unified and integrated HR Risk Management Framework. While HR practices and risk management activities are both highly implemented, they are often executed independently, leading to fragmented approaches. This finding resonates with previous research indicating that the lack of integration between HR and enterprise risk management can result in inefficiencies, inconsistencies, and increased organizational vulnerability (Nocco & Stulz, 2022; Hubbard, 2020). Without a cohesive framework, organizations may struggle to systematically identify, prioritize, and mitigate HR-related risks.

Furthermore, the rapidly evolving business landscape reinforces the urgency of integrating HR and risk management. The rise of digital transformation, Industry 4.0 technologies, and changing workforce demographics introduces new categories of HR risks, including data privacy breaches, skills obsolescence, and employee disengagement (Marler & Parry, 2021; Stone et al., 2020). At the same time, increasing attention to employee well-being, diversity, and inclusion highlights the importance of addressing psychosocial and cultural risks within organizations (Shen et al., 2022; De Smet et al., 2022). These developments suggest that traditional HR approaches must evolve into more holistic and risk-informed systems.

In response to these challenges, the proposed Human Resource Risk Management Planning Guide offers a comprehensive and strategic solution. By integrating risk identification, strategic alignment, preventive and corrective interventions, and continuous monitoring, the framework aligns with best practices in enterprise risk management and SHRM (Hopkin, 2018; Becker & Smidt, 2016). This integrated approach enables organizations to move from reactive to proactive risk management, enhancing their ability to anticipate disruptions, protect human capital, and sustain performance.

Overall, the study contributes to the growing body of literature by demonstrating that while HR practices in South Luzon manufacturing companies are well-established, their integration with risk management remains limited. Strengthening this integration is essential for building organizational resilience, improving workforce stability, and ensuring long-term sustainability in an increasingly complex and uncertain business environment.

Conclusion and Recommendations

This study concludes that manufacturing companies in South Luzon demonstrate a very high level of implementation of both human resource practices and HR risk management practices, reflecting the growing strategic role of HR in organizational performance and resilience. The significant positive relationship between HR practices and HR risk management confirms that well-established HR systems contribute directly to effective risk mitigation and workforce stability. However, the moderate implementation observed in specialized areas such as compensation and benefits risk and mergers and acquisitions highlights existing gaps in strategic HR risk integration. Moreover, the presence of significant differences across respondent profiles suggests that perceptions of HR risk management vary, emphasizing the need for more inclusive and adaptive approaches.

In light of these findings, it is recommended that manufacturing companies adopt a comprehensive Human Resource Risk Management Planning Guide to integrate HR practices with risk management strategies. Organizations should strengthen underdeveloped areas such as compensation risk and M&A integration while enhancing HR capabilities in strategic and analytical domains. Continuous professional development, particularly in digital HR, compliance, and risk analytics, should be prioritized to equip HR practitioners with the necessary competencies. Future research may further explore the long-term impact of integrated HR risk frameworks across different industries to validate and expand the applicability of the proposed model.

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