

# The role of staff localization in a Social Enterprise's Performance

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**Abstract:** Staff localization means having a job in the locale where a person and their family live. Being near one's family is an ideal way to achieve well-being, and a job is important in addressing basic needs, but what if the job vacancy is far from your home? Is there a significant difference in the performance of localized and non-localized staff? This research addresses this question, and the findings show that localized staff managed to perform better than non-localized staff because of familiarization with the areas in which they work, the common dialect they use to serve the clients, and the management of delinquency. Additionally, staff performance is positively influenced by successful localization.

**Keywords:** localized staff, non-localized staff, performance, staff localization

## Introduction

**A** SA Philippines Foundation Inc. (the Foundation) - a Microfinance NGO - is a not-for-profit and a non-stock organization, operating nationwide in the Philippines. The clients are 100 percent women entrepreneurs, and the full-time employees are drawn not only from among job seekers but from clients' families and relatives, peers, neighbors, and client referrals. This is one way the Foundation reciprocates the trust and confidence given by clients. The deployment of staff depends on the vacancies in each region. The Letter of Employment clearly states the work's nature, the place of assignment, and that employees can be transferred anytime to anywhere. Staff may be assigned far from their residential address.

With the Foundation's growth, many staff has been assigned far from their families. Their aim is to be assigned nearer to their family eventually. This study aims to understand the performance of staff based on their place of assignment relative to their home, where performance is measured as the Foundation's outreach in terms of the number of clients, portfolio quality, portfolio at risk (PAR), and savings.

Staff localization aims to promote job opportunities for residents of certain municipalities, cities, and provinces. This employment provides an opportunity to uplift the economic status of a specific locality. In the Philippines, most Local Government Units (LGUs) conduct a Public Employment Service Office (PESO) program to help constituents find regular jobs locally and internationally. In addition, they are also hosting programs to attract local and international investors to establish businesses in the locality. Shopping malls, supermarkets, residential and office condominiums, hotels, and restaurants like SM, Ayala, Robinsons, KCC, Gaisano, and Puregold hire 80 percent of their workforce from residents close to where their establishments are located. (ESG report 2015). Moreover, government vacancies in LGU offices, police officers, teachers, and transportation sectors such as airports and ports must be filled up by qualified residents (as mandated by law) who are eligible for the post.

The results reveal that local staff performs worse on many measures of microfinance performance. However, they also perform better on negative indicators of performance, such as the number of delinquent clients and the past due amounts. Whether greater efficiency and effectiveness accompany those working proximate to their homes and families requires evaluation of the conflicting findings between positive and negative measures of performance to determine the net effect.

This study contributes to a better understanding of how the locality of workers influences their performance and hence the performance of their organization. Organizations seeking to optimize their employees' commitment to performing well would do well to minimize to the extent possible the distance those employees need to travel and the time they spend away from their homes and families.

### Literature Review

Implementing localization programs at the organizational level will require expertise in diversity management and change management strategies. Successful diversity and change management programs require the buy-in all relevant stakeholders, active support from top management, a careful analysis of the organization's situation, well-defined main objectives and plans, and having a special group like a committee and getting the right person in charge. Moreover, broad communication to all employees and managers, the formulation and implementation of specific policies and practices, change training and education for all employees and managers, measuring and monitoring program progress, and regularly communicating program successes are all essential elements (Waxin and Panaccio, 2004; Waxin, 2009; and Panaccio and Waxin, 2010). According to Shedhadi et al. (2011), Senior executives will monitor important KPIs at the board level and assist in spreading the message throughout the firm. Company incentive programs should include adherence to national employment targets on an individual and departmental level as an evaluation element. (Shedhadi et al., 2011).

One of the main issues and concerns of global HRM now centers on localizing the workforce. Studies both for and against localizing the workforce have been identified, mostly in the host nations of multinational organizations. To offer insightful analysis and practical information on this challenging but crucial topic, the goal of this study is to highlight the most significant recent works on localization. Many organizations that identify as international forbid nationals of the host nation from holding official or significant positions. In light of this, the current study makes an effort to discuss the forces behind localization as well as the variables affecting the orderly transfer of jobs to local workers. In light of this, localizing human resources can aid multinational corporations in learning about their stakeholders' culture, habits, emotions, and psychology. (Bose\* and Dey (2018, p.1).

According to some experts, businesses that are under intense pressure to be locally responsive often use a multidomestic strategy to differentiate their goods and services abroad. (Bartlett & Ghoshal, 2002; Caligiuri & Colakoglu, 2007; Harzing et al., 2016). As various competing tactics necessitate various employee functions (Lakshman, Lakshman, & Estay, 2017), More expatriates will likely be sent by MNEs pursuing global integration to manage their international operations more effectively across borders. (Tarique, Schuler, & Gong, 2006), while businesses that place a greater emphasis on local responsiveness may hire more local workers to more easily adjust to local circumstances. (Gong, 2003; Harzing, 2001). Put another way, companies may anticipate achieving various benefits by assigning parent country nationals (PCNs) or hiring host country nationals (HCNs) in abroad subsidiaries. (Tarique et al., 2006).

Furthermore, according to (Harvey, 1998) and Colling et al. (2007), dual-career couples, often referred to as potential expats, are on the rise as more people want to live abroad with partners who are passionate about their professional jobs. Organizations are finding it more and more difficult to find workers willing to accept an international assignment based in Bayreuth, Germany, and Kate Hutchings because a foreign assignment frequently necessitates an expatriate's partner to leave his or her job and disrupt his or her career in order to accompany the expatriate to another country, (September 2009). The expense of an assignment maybe three to five times basic pay, depending on the host country and family size. (Bennett et al., 2000; Fryxell et al., 2004) According to Global Relocation Services (2009), many businesses are aware that the expense of hiring expatriates is a factor that could eventually slow the growth of such assignments. Last but not least, many businesses have found that a sizable portion of former expatriates quit their jobs after returning from their assignment overseas. According to earlier studies, 20% of repatriates for US-based MNCs abandon their jobs within a year of returning from abroad. (Black et al., 1999). When repatriates depart soon after arriving back at their home country, businesses lose company-specific knowledge, global competencies, business contacts, cross-border social networks, as well as learned cross-cultural competencies. However, research shows that, as noted by Scullion and Collings, the majority of MNCs fail to consistently address repatriation and retention difficulties (2006). Localization may boost the organizational commitment and job satisfaction of Chinese managers. According to Groenewald (2008) and Wong and Law (1999), Highly qualified Chinese workers commonly worry about the absence of clear career routes, and one of the most frequently reported reasons Chinese managers quit their employment is that they are unhappy with their possibilities for professional development.

Several early attempts in the literature have described staff localization models for empirical analysis. However, the variables affecting staff localization have mostly centered on problems with human resource management (HRM). By

demonstrating that there are crucial elements impacting staff localization that go beyond HRM procedures, this study provides a viable new route for research on staff localization. Staff localization is positively impacted by the size of the subsidiary for Taiwanese multinational corporations (MNC) in China. Local-market focus and personnel localization will have a U-shaped and curvy relationship with one another (Chun-Sheng Joseph Lia, Po-Yen Leeb, James J.H. Liouc, 2018). In addition, Law et al. (2004) identified three important characteristics that may help with the successful localization of expatriate positions: (1) identification of staff localization as a primary aim; (2) thorough staff localization planning efforts; and (3) truthful human resource management practices. According to Law et al (2009), analysis of 229 MNC subsidiaries in China, successful staff localization is influenced by top management commitment as well as headquarters assistance. Additionally, the effectiveness of staff localizations favorably correlated with top management's evaluations of business performance. In addition, the success of staff localization is positively related to the top management of firm performance. This study examined the significant phenomena of staff localization from the angles of organizational characteristics (firm size and subsidiary operating time) and strategic decision-making (location and local-market focus) (Chun-Sheng Joseph Lia, Po-Yen Leeb, James J.H. Liouc, 2018).

The relationship between local and foreign employees working for multinational NGOs on a Lao basis has been noted as being the article's main focus. Interviews with both local and foreign staff members were used in the research, which aimed to determine how the staff members themselves perceived the 'localization' process in the context of their own professional experiences (John R. Owen, February 2010). The move towards increasing localization for INGOs working in the Lao PDR follows in the wake of three key imperatives. The first of these relates to the recent stance taken by the central government on the hiring of expatriates for INGO projects, where concerns have been raised over the high costs associated with hiring foreign staff and the potential impact that this has on supporting projects at the community level. The second is a result of INGOs needing to complete projects with ever-shrinking finances. Cost savings of between 30% and 90% for the companies hiring them. The perceived significance of transferring ownership within the nation is the third factor, as already mentioned. This trend has led to the "localization" of project and administrative staff in development teams in Lao, a nation where domestic NGOs are outlawed by law. These teams are nevertheless mostly formed of "foreign" managers and technical consultants. There were variations on the theme, including affirmative claims about the ability of local employees to bargain with local systems and people. Some opinions were more influenced by economic concerns. According to local norms, local positions are quite well-paid, making them very desirable. There is a misconception that local INGO workers must possess a high level of education and training outside the development field. People believe that a person must be extremely talented and intelligent to work with an INGO, according to one respondent [L4]. The chance presented itself for other workers to talk about how the locals' interactions with the villages. Consequently, local employees were typically portrayed favorably. According to a local employee, "[villagers] think of us as working with integrity and sincerity and offering them free aid." They approve of us, says L10.

It has been mentioned that the goal of this article is to create and test an integrated model of the crucial factors that influence effective localization in the aviation sector. Additionally, it analyzes the moderating effects of organizational commitment on the relationship between localization and firm performance as well as the mediating role of knowledge-sharing capability between human resources development (HRD) practices and localization. According to the results of PLS-SEM, HRD practices (training, performance evaluation, and awards) enhance expatriates' capacity to impart expertise to local workers, which in turn enhances the success of localization. The performance of the company is also enhanced by proper localization. The results supported the interactive impact of organizational commitment on the direct relationship between localization and performance, according to Nasser A. Alhathiri, Ahmed Mohamed Elbaz I, Iqtidar Shah, and Mohammad Soliman, even though knowledge sharing does not mediate the relationship between HRD practices and successful localization (2021). A recent problem, localization has been described from several angles in the literature. According to Potter (1989), localization is the process of hiring locals who are capable of performing as effectively as expatriate workers in place of expats (Law et al., 2009). Localization in the context of HR literature, according to Pegram et al. (2018), is the process of substituting capable locals for expatriate management professionals. Consequently, many governments and international companies regard localization as a major challenge, a prominent worry for multinational corporations, particularly international tourism organizations according to Liu, 2004; Wang, 2016; Wong & Law, is replacing expatriate personnel with local staff because the number of expatriate employees has increased with worldwide business expansion (Harry, 2007). (1999). Chan et al. (2016a), for instance, observed that the high wages and benefits given to foreign workers in China's tourist and hospitality sectors have compelled these businesses to localize their workforces. Cost reduction is one of the main objectives of localization, claim Lasserre and Ching (1997). According to Gomez & Sanchez, localization is a long-term strategy where local workers influence strategic decisions concerning products, operations, marketing, structure, human resource management, and the success of international ventures (2005). Local managers have an in-depth

knowledge of the populace and culture of the host nation, according to Law et al. (2004). Four HR practices—training, assessment, rewards, and repatriation—were examined by Law et al. (2004) as crucial components of successful localization. The antecedents of localization have been the subject of earlier research (Al-Hamadi et al., 2007; Budhwar et al., 2002; Law et al., 2009). Furthermore, previous research has looked into the relationship between effective localization and organizational performance, as claimed by Law et al. (2009), Reiche, and Hitotsuyanagi-Hansel et al. (2016) (2007). Organizational commitment significantly affects how well one does their work, which reduces the relationship between work-related stress and performance according to Jamal (2011). (2011). Localization should be regarded as one of the most difficult challenges for many governments and multinational corporations in the Gulf Cooperation Council (GCC) countries (Harry, 2007). The moderating role of organizational commitment was investigated in addition to testing the impact of localization on firm performance. In their study, Moideenkutty et al. (2016) concluded that HR practices like employee selection and recruitment, dedicated training for locals, a clear career path, and rewards have the potential to encourage successful localization. Previous research has identified expatriate motivations for localization as a key determinant of localization success (Selmer, 2004). Training improves expatriates' knowledge transfer to local employees. Expats' knowledge dissemination to local employees benefits from performance evaluation. Expats' knowledge dissemination to local employees is aided by rewards. Successful localization boosts the firm's performance. Organizational commitment moderates the relationship between successful localization and company performance (Nasser A. Alkathiri, Ahmed Mohamed Elbaz 1, Iqtidar Shah & Mohammad Soliman, 2021). Furthermore, the purpose of this research is to examine the impact of successful localization on the performance of the Omani aviation sector. Law et al. (2009) contended that effective localization could lead to improved company performance. Furthermore, Hitotsuyanagi-Hansel et al. (2016) reported that local workers with a higher level of effective localization can achieve enterprise success. In terms of the moderating role of organizational commitment, the current study found that the relationship between localization and firm performance is stronger when the organization is highly committed to localization. This finding suggests that organizations that are supportive of improving their local staff effectiveness, have clear goals for localization, and have detailed and concrete plans for localization will be more successful (Nasser A. Alkathiri, Ahmed Mohamed Elbaz 1, Iqtidar Shah & Mohammad Soliman, 2021).

"We need to localize further and have more leadership training programs to reach a larger number of people in China," Hersen says. According to Taylor, Michael, (February 2009), one of the core HR activities implemented and designed is localization strategies aimed at replacing expatriates with local staff.

According to (Caldwell, Charles April 2005), Human resource professionals are expected to put together mobility packages. Packages designed to entice and motivate a mobile workforce to relocate and remain productive once there. Some people accept these terms voluntarily when starting new jobs, while others are forced to because of cost-cutting measures. Likewise, employees are willing to relocate, but in many cases will have security concerns. Research shows that the key area where employees will not compromise is with families, typically insisting on medical coverage, housing, and children's schooling to maintain some form of a home country's standard of living. In this new and more complex business environment, the new commodity for employees is no longer money. More and more, employees are concerned about the quality of life and work/life balance. Employees are eager to advance in their careers so that they can devote more time to what matters most to them: friends, family, travel, and hobbies. While money is a necessary evil, it is not a powerful motivator. Instead, it is a means to an end. The new commodity is time. Employees want more of it, sooner. HR professionals will need to create innovative, breakthrough solutions to the morass of complex mobility problems. There are no other ways to entice and motivate a mobile workforce to relocate while remaining productive (Caldwell, Charles April 2005).

It has been observed that overall localization practices are generally consistent across regions and industries, even for companies operating in emerging markets (such as China, India, and Vietnam), where local compensation and benefits arrangements are generally less advantageous than home country plans. In terms of other expatriate benefits and allowances, housing allowances and education benefits are the least likely to be eliminated for localized employees (Loose, Cathy June 2010). Based on Mercer's 2008 International Assignment Policy Survey, half of the companies do not have a defined (formal) localization policy but instead handle localization policy on a case-by-case basis. The main drawback of applying a localization process is retention issues as well as the challenges of providing a competitive package to globally mobile employees, particularly in emerging markets (Loose, Cathy June 2010). The application of localization is treated on a case-by-case basis, but the principles of localization are clearly stated on the employment offer.

Many senior positions in multinational corporations (MNCs) have been localized, according to (Hang Hongli; Gao, Roy (Feb 2004). Because of the high costs, many foreign companies feel compelled to embark on localization initiatives after four to five years of operations in China. Once the organization makes localization one of its business strategies, the leadership needs to persistently push its implementation. Through a commitment to localization, potential candidates will naturally be drawn to companies perceived as employers who care about long-term employee development and growth. In Company Best a three-year plan was developed to implement the localization strategy. For each year, certain positions were identified for localization. The criteria were three-fold: 1. The possibility of localization for that particular position 2. The incumbent's performance level 3. The criticality of the particular position. Through a commitment to localization, potential candidates will naturally be drawn to companies perceived as employers who care about long-term employee development and growth. HR shall have that basic practice of localization for the qualified job seekers based on their qualities for the vacant position. It has also been noted that Wal-Mart's [Du] was among the first waves of Chinese to benefit from the localization trend. A few years after receiving an accounting degree from a prestigious university. In 1986, Ms. Du graduated from Shanghai College and began working as an accountant in Shenzhen for a Chinese cartoon studio. Stephanie Wong, vice president of the human resources department at Wal-Mart China. She refers to Ms. Du as "an outstanding performer and one of many success stories at Walmart China" and says that "management-team localization is an important foothold in Wal-business Mart's strategy in China." According to Niklas Lindholm, the director for human resources of Nokia Corp. of investment unit in Beijing, the locals are always the priority. As an international company, there is a need for different kinds of people to work with. After making a name for themselves in the market, multinationals in other emerging nations have also localized their workforce. As an example, many locals have risen through the ranks of international firms in India (The Wall Street Journal Asia; Hong Kong [Hong Kong]). 27 Feb 2006: 29. More Chinese companies are thinking globally and hiring locally; management ranks are changing as expat costs rise.

It has been observed that traditionally, there are three main forms of localization. First, job localization sees the expatriate being replaced with an indigenous employee. Therefore, the job is localized and the incumbent expat employee returns home. Second, an expatriate can take a hybrid package where some benefits are taken away but not all. Therefore, the expatriate is localized. The third is extreme, where an employee loses all expatriate benefits that are replaced with the same package as an indigenous employee. This is also known as "local terms". Yet some companies localize by starting with a hybrid package and phasing in local terms. This is called a soft landing. Other companies have a firm trigger date at which point an expatriate instantly starts on local terms. This is called a hard landing, where the expat is given fully local terms from the outset. Of the three, job localization is beginning to emerge as the preferred method of localizing. This is mainly because he combined the high cost of living and low average monthly salary in China making local terms unappealing to most expats accustomed to full packages. Although one of the benefits of pure localization is an employee who is familiar with China's market, ironically the greatest challenges lie in the fact that the employee is from the local market (Lyons, Tess May 2005).

It has been observed that the policy elements for long-term, short-term, intraregional, and localized assignments are highlighted in this article along with the difficulties in managing mobility. Long-term assignments are significantly more expensive, which tends to support the idea that it is more economical to assign staff to different kinds of assignments. Participants identified several issues that impact employees' willingness to relocate within China and these are to wit: Spouse/partner assistance, including career issues, Family, primarily leaving the extended family, Moving from Tier I to Tier II locations, and Schooling. Their policy preferences are ranked in the following order: 1. Relocation: Local plus (65%) 2. Relocation: Local only (32%) 3. Expatriate with modifications (21%) 4. Expatriate. As companies continue their expansion into both Tier I and Tier II cities, their mobile workforces will experience challenges differently - challenges that can be expected to impact their productivity and assignment goals. Health care appears to be the challenge most frequently mentioned by respondents in most locations, with family adjustment and schooling not far behind. Benefit inequities stood out in the responses as well, including housing and transportation along with compensation; comments such as "Assignee benefits stand out to local employees - even the Chinese managers of expats!" call attention to this critical area. The breadth and diversity of employment and assignment types across China heighten the potential for cultural challenges between interacting groups, which can impact productivity, assignment success, and, ultimately, corporate goals (Anonymous. China Staff; Hong Kong Vol. 12, Iss. 5, (May 2006): Long-term, short-term, intraregional, and local assignments are available for the China posting.

It has been noted that this study explores the interaction between cultural distance, a foreign subsidiary's local experience, and the level of local competitiveness to determine how these variables influence staff localization for MNE subsidiaries. We expand the current "home-host" nation viewpoint to take into account the interaction between the host country and the home intermediary, whereas earlier research on the impacts of cultural distance has

exclusively concentrated on the gap between the home and host countries. The findings imply that the home-intermediate-host relationship structure's competitive environment and local experience play a role in how cultural distance affects staff localization. By extending the "home-host" country perspective to include the relationship between the home intermediary and the host country, this paper theoretically contributes to our understanding of the behavior of multinational corporations. This is done by examining the home-subsidiary-subsidiary structure in addition to the home and host countries. International business literature has long documented how the distance between the home and host nations affects the strategies used by multinational businesses (MNEs) [1,2]. It has been discovered that distance has an impact on organizational outcomes [3], including site decisions [4,5], entrance decisions [6,], corporate political activities [7,8], knowledge transfer [9], and company performance [10]. Therefore, Chan Bok Kim, Seong-Jin Choi & Luyao Zhang found a favorable correlation between the employment of local managing employees and the cultural distance between the home country and the intermediate nation.

It has been known that this research seeks to advance understanding of the environment for self-initiated expatriates and the role that family plays in influencing expatriate retention. The research also intends to investigate familial adjustment disparities that appear across the various demographic groups in this context with a majority of expatriates. (Kevin Schoepp & Ingo Forstenlechner, May 2010). It has been noted that when the staff is away from home it affects their well-being, especially the married one; the importance of the family is emphasized as having a significant, often negative, impact, notably on performance and early return (Bauer and Taylor, 2001; Richardson, 2006; Schaffer and Harrison, 1998). In addition, Richardson (2006) explores the significance of family and finds that it influences decisions for both self-initiated and assigned expatriates equally. This study seeks to understand whether, in a setting where expatriates predominate, the role of the family has a different effect on motivation for expats to stay in or leave the host nation (Kevin Schoepp & Ingo Forstenlechner, May 2010). As per Harzing and Christensen (2004). Performance and turnover should receive more attention than the excessively general concept of expatriate failure, which is challenging to identify in the current situation without specific outcomes linked to specific reasons. The focus of this study is on the function of the family as a reason to stay in or leave the host nation, independent of the success or failure of expatriates. However, from an organizational perspective, the loss of qualified employees is significant, and according to Kevin Schoepp & Ingo Forstenlechner, the nation may be deemed an organizational failure (May 2010).

As reported in these articles, (Thevanes, N 1, Mangaleswaran.T2, May 2018) it has been shown that everyone is fighting to attain a work-life balance between their professional and personal lives, which is a new contemporary dilemma. Despite how important it is, banks use a variety of strategies to encourage work-life balance and improve employee performance. within an organization. As a result, the goal of this study is to investigate the connection between work-life balance and job performance. The study's conclusions showed that overall job performance and work-life balance have a favorable and significant association. The current investigation is thought to be crucial for comprehending the relationship empirical knowledge between work-life balance and job performance. Hence, examining the connection between work-life balance and job performance is the aim of this study. The results of the study showed that overall job performance and work-life balance had a favorable and significant link. The current study is important for advancing empirical understanding of the connection between work-life balance and job success. As a result, firms are putting more of an emphasis on implementing high-performance HR practices and methods, such as training, performance appraisal, remuneration, career development, teamwork, and so forth, to increase employee job performance. Enhancing work-life balance is one of the key high-performance HRM strategies that is thought to greatly boost employee performance (Hyde et al. 2013). Work-life balance has gained attention in the workplace due to its propensity to produce favorable outcomes like low turnover, work engagement, organizational citizenship behavior, in-role performance, increased employee productivity, job satisfaction, and organizational commitment, according to Cieri et al. (2002); Thevanes & Mangaleswaran 2018; Konrad & Mangel 2000; Lambert 2000; Nawab & Iqbal 2013; Wang & Walumbwa 2007). As a result, firms should place a high priority on enhancing employees' ability to balance their personal and professional lives. According to Wheatly (2012), when an employee has a healthy work-life balance, both the employee and the employer benefit. Additionally, Grady et al. (2008) contends that maintaining a healthy work-life balance is essential for societal functioning, organizational success, and individual well-being. Additionally, firms that overlook work-life balance concerns would have reduced employee productivity, which will make it more challenging to increase employee job performance, according to Naithani (2010). Work-life balance is important in influencing an employee's job performance, as was previously said. Work-life balance boosts productivity, according to numerous pieces of research (Naithani 2010; Gomez et al. 2010; Cegarra-Leiva, Sánchez-Vidal, & Cegarra-Navarro 2012; Aslam 2015). In general, HRM strategies that support work-life balance, like telecommuting, job sharing, flexible scheduling, and others, improve employee performance by reducing work-life conflict. Work-life balance thereby boosts productivity and job performance by boosting employee

dedication, loyalty, and engagement as well as organizational citizenship behavior, while lowering absenteeism and attrition. The literature cited above indicates a link between work-life balance and job performance.

The high turnover rate of local staff is one of the significant problems hindering firms from attaining rapid expansion in foreign markets. To mitigate the high turnover rate of local employees, localization strategy implementation must be localized in the content and forms, and management system. Localized employees should be genuinely amalgamated into the cultural values and management system of the corporation. Execution of the HR localization action plan includes administering and post-administering integration stages to point out the effectiveness of this strategy to a certain extent. Integrating two cultures, between the parent and subsidiary and the country location of the parent company and subsidiary is the primary goal of HR localization. (Xiu Jiantong 2021, p. 62,)

To improve problem-solving and employee loyalty to the institution, the need of building corporate values by integrating multiple cultures into the corporate culture and establishing a suitable external environment is recognized. Local employees are likely to start business relationships upon gaining more connections in the local environment. (Xiu Jiatong 2021, p.14, Wall, 1990). Cultural differences such as language, national values & culture, and management attitudes create difficulties in coordination. Detachment of corporate headquarters personnel from foreign subsidiaries of other cultures will lead to miscommunication and misunderstanding, which may result in headquarters not controlling the subsidiary (Xiu Jiantong, 2021, p. 15, Cuervo-Cazurra & Genc, 2008). The institutional context, developing relationships within the organization, and adapting to new cooperation are some of the characteristics that author Elissa Abbot lists in her essay Localization of Human Resource Management as variables that drive localization in human resource management.

The most recent staff localization publication, which was published by a South Korean university, revealed that earlier research had established strategies for staff localization, where qualified local managers would take the place of foreigners. To evaluate the impact of the two alternative localization strategies—embedding and excavating localization—the researchers are proposing signaling theory, which illustrates multilevel frameworks. Enhancing expatriates' integration into the local context where they were assigned is known as embedding localization. Expats are expected to integrate into their new environment by creating networks with all the stakeholders, including Host Country National (HCN) workers, business people, government agencies and regulators, markets and customers' cultures, and local knowledge of the host country. Excavating localization entails displacing expatriates with capable local management who are expected to supply quickly and efficiently mobilized learned local expertise (Yi Yang & Yong Suhk Pak, 2020). A successful staff localization strategy aims to reduce low turnover rates by preventing conflicts between local employees and foreigners.

According to a news/press release from the Philippine National Police dated October 14, 2020, 22 PRO2 personnel are recipients of the PNP localization program. This program was established so far by the Philippine government, in particular the Philippine National Police, and is by Section 63 of Republic Act 8551, or the Philippine - The National Police Reform and Reorganization Act of 1998. The provision states that PNP members will be "assigned to the city and municipality of their recruitment and/or place of residence, or if not possible, to the closest municipality, province, or regions to their residence" for positions ranging from patrolman/woman to Police Executive Master Sergeant. By prioritizing the welfare of all PNP personnel and fostering family solidarity, the program will achieve maximum efficiency and more effective law enforcement, as stated by PGEN CAMILO CASCOLAN: Working in a hometown, province, or region provides a sense of ownership that he is working. Other Local Government Agencies and Government Owned businesses such as the Department of Education, Airport and Port Authorities, Land Bank and Development Bank of the Philippines, and Local Government Units are hiring local and eligible residents to fill the job vacancies. Most of the LGUs are helping their constituents and job in a local or international company through their Public Employment Service Office (PESO) program. In addition, the Provincial Government is hosting business conferences and exhibits where they can showcase their province's main products, cultures, tourist-environment destinations, and peace and order level to attract local and foreign investors to put up a business that can create job opportunities for their constituents. These strategies boost the economic status and categories of their province especially if BPOs, pharmacies, hospitals, supermalls, big supermarkets, and five-star hotels with restaurants are established in their place. In addition, local and international fast-food chains are notable factors in helping working college students in the financial aspect to finish their Bachelor's degree.

To understand the effects of staff localization for both staff and the ASA Philippines Foundation, the performance of staff in productivity and contribution to operational efficiencies such as the number of clients, loan portfolio, CBU/savings, PD number, PD amount, net risk, PAR and bad debts, and potential risk to both staff and the foundation will be gathered. Furthermore, it has been observed that once staff is deployed near their places, familiarization makes

it easier to connect to the clients. The staff of ASA Philippines Foundation is committed and dedicated to their work not only to do the vision and mission of the Foundation moreover their purpose is for their family to provide food on the table, shelter, schooling of their siblings and children, and sometimes even their niece and nephew and staff are availing their leave credits such as annual leave and earn leave and enjoying their long vacation to be with their family (ASA Philippines Guidebook).

Staff localization will also measure the retention of the workforce in a Foundation. The longer the staff in the Foundation is another parameter for job satisfaction that may be helpful for the succession planning of the foundation. The turnover of the Foundation had increased to 20% during the pandemic because the parents wanted them to be near their places on top of being scared of Covid-19. Because of this, staffing is the main concern that affects the opportunity for the Foundation to have more clients, and some promotions of staff are delayed because there is no available manpower. The foundation is prioritizing children and relatives of clients for employment. Our clients are familiar with and understand the job, office setting, and culture of the foundation.

Good governance and the people who made it happen are the reason for the success of an institution despite ups and downs and that includes the covid-19 pandemic in which ASA Philippines Foundation made it through as its portfolio and clients served. The people behind the success and one of which is the staff that is localized and the performance they have shown are impressive. Amidst this pandemic, Human capital plays a significant role in sustaining the Foundation's performance and serves as the helping hand of our client to reach the outreach. The Foundation's employees are regarded as the key stakeholders in the performance of the organization, particularly in terms of sustainability and viability; according to (Arulrajah and Opatha (2012) in this context, it is asserted that an organization's success is directly tied to the individuals it employs because the most significant stakeholders in deciding an organization's performance are its employees (Thevanes 2018; Jabbour et al. 2010; Jabbour & Santos 2008; Brio, Fernandez & Junquera 2007; Kim et al. 2016; Ji et al. 2012; Opatha & Arulrajah 2014; Daily & Huang 2001; Govindarajulu & Daily 2004; Thevanes & Arulrajah 2016), believed that in a corporate setting, employees are seen as important players in determining the viability of the company. Organizations must prioritize human resource management to increase organizational sustainability. Considering that it is impossible to achieve organizational sustainability without the involvement and dedication of employees. Organizations should concentrate on enhancing organizational performance to acquire a competitive advantage. People actively contribute to maintaining and enhancing organizational success. Organizations are therefore increasingly being forced to concentrate on enhancing employee job performance of organizational performance. Because of this, the Foundation has made it possible for each employee to do their jobs more effectively through incentives, participation in training and seminars, personal and professional development, and—perhaps most importantly—localization of the workforce.

As a practitioner of microfinance, working in far places from home is expected to help the poor in different places, but homesickness and loneliness somehow lead to the resignation of staff. Being with your staff, knowing their concerns, and addressing their needs are important factors in harmonizing the work and aligning the Foundation's vision and mission. The changes in time compared with the start of the foundation where all staff were so young and eventually transformed to mature individuals, so needs arise according to their priorities. Hence, organizations should give more priority to developing a policy in staff localization to enrich employee job performance.

### ***Development of Hypotheses***

#### ***Research Questions:***

- 1) Does staff localization better serve the client because of its familiarization?
- 2) How does it affect the relationship between localization and the performance of the staff?
- 3) Is there a significant difference in the performance of localized staff vs non-localized staff?

#### ***Objectives of the Study***

The objectives of the study are:

- 1) To understand the effects of staff localization in ASA Philippines Foundation.
- 2) To determine the performance of staff when localized in their provinces through their number of clients, total loan portfolio, number of delinquent clients, past due amount, PAR, and savings.
- 3) To enhance policies on staff localization of ASA Philippines Foundation.



**Contribution**

The outcomes of the study are expected to benefit the following:

Firstly, ASA Philippines Foundation is to achieve a targeted plan in terms of clients and portfolio quality by increasing employee job satisfaction and developing policies related to staff localization.

Secondly, the staff of ASA Philippines is to increase the benefits of work-life balance and to understand their productivity being deployed within their locale.

Lastly, researchers are to have a future reference to conduct surveys of staff localization in the Philippines.

**Research Method**

The respondents are branch staff comprising Microfinance Officers (MFO) and Branch Heads (BH) assigned to eight provinces namely; Pangasinan, Cagayan, Palawan, Camarines Sur, Cebu, Negros Occidental, Bukidnon, and Davao De Oro, equally divided to the four main operational departments of ASA Philippines.

Microfinance Officers are at the frontline of ASA Philippines with direct contact with the clients and Branch Heads are responsible for the general operation of the branch and supervises the Microfinance Officers.

The 1181 respondents' place of work assignment and permanent address are located in the same province. The researcher's pre-defined staff localization when assigned in the same province. The other 705 respondents are non-localized which means workplace assignment is different from the home province.

**Results**

**Univariate Results**

Table 1 reports the descriptive statistics for the dependent performance measures and independent variables for the pooled sample of 1,186 employees and sub-samples of local and non-local employees with 1,181 and 705 employees respectively. The mean number of active clients overall is 519 per employee is significantly ( $p < 0.01$ ) lower for local (463) than non-local employees (613). Similarly, the mean overall loan portfolio is 8.6 million pesos, made up of 7.6 million pesos per local employee is significantly ( $p < 0.01$ ) lower than for non-local employees at 10 million pesos. The overall mean number of delinquent clients is 10.5 made up of 7.5 per employee for local employees and more than double that for non-local employees at 15.4, again a significant difference ( $p < 0.01$ ). Past due amounts overall are 107.7K with 80.6K pesos and significantly lower ( $p < 0.01$ ) for local employees than for non-local employees at \$153K pesos per employee. Overall total savings are 3.7 million pesos with 3.2 million pesos for local employees being significantly lower ( $p < 0.01$ ) than the 4.6 million pesos for non-local employees. The Capital Build-Up (CBU) mean is 33.4 million pesos overall with a mean of 2.9 million pesos for local employees, which is significantly lower ( $p < 0.01$ ) than for the 4.1 million pesos for non-local employees. The mean Locked-in Capital Build-Up (LCBU) overall is 394.6K pesos for local employees of 351.6K pesos is significantly lower than that for non-local employees at 466K pesos. The mean percentage of portfolio at risk is 1.1 percent overall, and almost 1 percent for local employees, which is lower than for non-local employees at almost 1.3 percent, a difference that is significant ( $p < 0.01$ ).

**Table 1: Selected Provinces for Staff Localization**

Variables	RESPONDENTS N=1886	LOCALIZED N=1181		NON-LOCALIZED N=705		Test of differences	
	MEAN	MEAN	STD DEV	MEAN	STD DEV	Chi Sq	p-value
L1Cagayan	0.154	0.14	0.348	0.18	0.382	4.568	0.033
L1Pangasinan	0.174	0.15	0.355	0.22	0.413	15.537	<0.001
L2Palawan	0.092	0.14	0.343	0.02	0.135	73.257	<0.001
L2Camarines Sur	0.138	0.09	0.286	0.22	0.413	61.510	<0.001

VCebu	0.162	0.24	0.424	0.04	0.192	126.504	<0.001
VNegros Oc	0.116	0.19	0.389	0.00	0.000	147.907	<0.001
MBukidnon	0.104	0.04	0.189	0.22	0.413	152.508	<0.001
MDavao Oriental	0.059	0.03	0.165	0.11	0.316	55.918	<0.001

Note: BH is Branch Head, MFO is Microfinance Officer

In terms of employee characteristics, the mean length of service for local employees is 2.01 is lower than that for the non-local employees with 2.62 for non-local employees, a significant difference ( $p < 0.01$ ). The average age of all employees is 24, of local employees is 23, and for non-local employees is 24, a difference that is significant ( $p < 0.01$ ). The number of children is less than one per employee overall and for each group does not differ significantly between the two groups. Females make up 47 percent of the overall sample, 46 percent of the local employees and 50 percent of the non-local employees, a difference that is not significant. There is no significant difference between the local and non-local groups in terms of marital status with an overall mean of 90 percent single. There is a significant difference ( $p < 0.01$ ) in education with a mean 57 percent holding a bachelor degree, 71 percent of local employees and 81 percent of non-local employees.

In summary, local employees have lower positive performance measures (e.g., lower loan portfolios and capital build-up) and lower negative performance measures (e.g., number of delinquent loans, past due amounts), with significant differences for most variables.

Table 2 reports the Pearson's correlations between variables. The highest correlations between independent variables are 0.637 between DBM and length of service and 0.534 between age and length of service. Variance inflation factors are checked in the correlations to ensure multicollinearity is not at a level that could bias the results.

**Table 2: Age**

Variables	RESPONDEN TS N=1886	LOCALIZED N=1181		NON-LOCALIZED N=705		Test of difference	
	MEAN	MEAN	STD DEV	MEAN	STD DEV	Chi Sq	p-value
AGE 18-21	0.126	0.15	0.353	0.09	0.290	11.475	<0.001
AGE 22-25	0.448	0.48	0.500	0.40	0.491	9.302	0.002
AGE 26-29	0.316	0.29	0.453	0.36	0.481	10.873	<0.001
AGE 30-34	0.099	0.08	0.275	0.13	0.334	10.244	0.001
AGE more than 35	0.011	0.01	0.092	0.02	0.124	2.041	

### Multivariate Results

Tables 3 to 5 report the regression results for the various dependent performance measure variables, most of which are logged to more closely mirror a normal distribution. Table 3 documents results for Capital Build-Up (CBU) and Locked-in Capital Build-Up (LCBU) as dependent variables. The models have significant F-statistics, with adjusted R-squares of close to 60 percent. The variable of interest, Local, is significantly negatively associated with CBU ( $p < 0.01$ ) but not significant with LCBU. Positive and significant for both dependent variables are female employees ( $p < 0.001$ ), years of service ( $p < 0.01$ ), holding a bachelor degree ( $p < 0.001$ ) and DBM ( $p < 0.01$ ). Age, marital status, and number of children are not significant.

**Table 3: Educational Attainment**

	<b>RESPONDE NTS N=1886</b>	<b>LOCALIZED N=1181</b>		<b>NON- LOCALIZED N=705</b>		<b>Test of difference</b>	
<b>Variables</b>	<b>MEAN</b>	<b>MEAN</b>	<b>STD DEV</b>	<b>MEAN</b>	<b>STD DEV</b>	<b>Chi Sq</b>	<b>p-value</b>
ED Senior HS	0.252	0.29	0.453	0.19	0.394	22.127	<0.001
ED Voc/College level	0.131	0.12	0.322	0.15	0.362	5.267	0.022
ED Bachelors Deg	0.616	0.59	0.491	0.65	0.476	6.795	0.009

Table 4 reports on Total Savings, Loan Portfolio and the Past Due Amount as dependent variables. The F-statistics are all significant but the adjusted R2s vary greatly, with 60 percent for Total Savings, 67 percent for Loan Portfolio and only 13 percent for Past Due Amount. Local employees are significantly negatively associated with Total Savings ( $p < 0.01$ ) and Loan Portfolio ( $p < 0.05$ ) and Past Due Amount ( $p < 0.001$ ). Length of service ( $p < 0.05$ ), female employees ( $p < 0.001$ ), education ( $p < 0.001$ ), and DBM ( $p < 0.001$ ) are all significantly associated with Total Savings and the same holds for Loan Portfolio except for Length of Service. Education ( $p < 0.01$ ) is the only other significant variable for the Past Due Amounts.

**Table 4: Length of Service**

	<b>RESPONDE NTS N=1886</b>	<b>LOCALIZED N=1181</b>		<b>NON-LOCALIZED N=705</b>		<b>Test of difference</b>	
<b>Variables</b>	<b>MEAN</b>	<b>MEAN</b>	<b>STD DEV</b>	<b>MEAN</b>	<b>STD DEV</b>	<b>Chi Sq</b>	<b>p-value</b>
Lengthserveless3	0.562	0.62	0.485	0.46	0.499	48.841	<0.001
Lengthserve3less6	0.335	0.30	0.460	0.39	0.487	14.025	<0.001
Lengthserve6less9	0.090	0.06	0.244	0.13	0.342	27.324	<0.001
Lengthsermore9	0.014	0.01	0.100	0.02	0.140	3.053	0.081

Table 5 reports results for Portfolio at Risk, Number of Active Clients and Number of Delinquent Clients. These models all fit well, with significant F-statistics. However, the adjusted R2 for Portfolio at Risk is only 1.5 percent, a healthy 75 percent for the Number of Active Clients and almost 35 percent for the Number of Delinquent Clients. Local employees are significantly negatively associated with the Portfolio at Risk percentage ( $p < 0.001$ ) and the Number of Delinquent Accounts ( $p < 0.001$ ), both being undesirable performance indicators, but is not significant with Number of Active Clients as the dependent variable. No other variables are significantly associated with the Portfolio at Risk percentage. Length of Service ( $p < 0.001$ ), Female ( $p < 0.001$ ), Education ( $p < 0.05$ ) and DBM ( $p < 0.001$ ) are significant when the Number of Active Clients is the dependent variable. DBM ( $p < 0.001$ ) is the only other significant variable when the Number of Delinquent Accounts is the dependent variable.

**Table 5: Number of Clients in Branch Heads**

	<b>RESPONDE NTS N=1886</b>	<b>LOCALIZED N=1181</b>		<b>NON-LOCALIZED N=705</b>		<b>Test of difference</b>	
<b>Variables</b>	<b>MEAN</b>	<b>MEAN</b>	<b>STD DEV</b>	<b>MEAN</b>	<b>STD DEV</b>	<b>Chi Sq</b>	<b>p-value</b>
BHless than 1400	0.152	0.11	0.312	0.22	0.417	45.162	<0.001
BHmorethan1401-1800	0.063	0.05	0.213	0.09	0.285	12.362	<0.001
BH1801-2000	0.014	0.01	0.112	0.02	0.124	0.273	0.601
BHmorethan2000	0.005	0.00	0.058	0.01	0.084	1.276	0.259

### Conclusion

There are 1886 respondents considered in this study. They are the branch staff of ASA Philippines Foundation consisting of Branch Heads and Microfinance Officers. In this study, the localized staff is defined as a work assignment in the same province to its permanent address, and non-localized staff means workplace assignment is different from the permanent address. The basis of performance will be the number of clients, portfolio, number of delinquents, past due amount, and savings.

The results signify the actual practice of ASA Philippines wherein the position available for all applicants is Microfinance Officer, the minimum age is at least 18 years old, the minimum educational attainment of Senior High School graduates, and the length of service is less than 3 years. The promotion of Branch Head is coming from the good performing Microfinance Officer with a Bachelor's degree.

Microfinance Officers (MFOs) for both localized and non-localized MFOs have less than 300 clients. Localized MFOs have less than Php3 Million portfolio, The no. of Delinquent clients and PD amount of localized MFOs is minimal, and can manage their delinquency better than non-localized ones. However, there's no significant difference for both localized and non-localized MFOs, they maintain PAR at less than 5%. For non-localized staff, the results show higher savings for clients.

Microfinance Officer achievement for client number, both localized and non-localized have no significant difference for 300 and below number of clients which the management considers as below target while for achieving target clients localized MFO achieved higher compared to NLMFO. For the above target clients, NLMFO indicates better achievement compared to LMFO. In terms of portfolio, NLMFO shows higher achievement compared to LMFO while PAR and delinquency NLMFO have more challenges faced compared to LMFO.

Branch Heads who are assigned in their local province indicate better achievement in terms of branch performance compared to non-localized branch heads in reaching the number of clients, having a higher loan portfolio, and being able to contain a high number of delinquencies.

Branch Heads (BH) number of clients has a significant difference for less than 1400 and more than 1401-1800. Localized Branch Heads are advantageous in their place of assignment. There is a significant difference in the portfolio of 10M-20M pesos, and 21-30M pesos. The no. of delinquent clients and PD amount and PAR results are maintained at a minimum value, especially for localized staff. For non-localized BH, it shows they motivate clients to save more.

The test of significant difference shows that there was a significant difference in the number of active clients, loan portfolio, number of delinquent clients, past due amount, total savings, and PAR when respondents were grouped according to the designation, and place of assignment (localized and non-localized). There was no significant difference when respondents were grouped according to sex, civil status, and the number of children.

## Recommendation

After a thorough review and analysis of the results of the study, here are the following recommendations.

For ASA Philippines Foundation and Staff

1. To identify the staff to be localized that will contribute better to the growth of the Foundation and staff that has their own family with children. With this, the well-being of staff will be better on top of their career.
2. To maintain 30% localization for Microfinance Officers, the single is more open to being assigned in far places
3. To consider branch managers for localization to at least 45% of the total number of branch heads. Our study shows that 56% of branch heads are married for both localized and non-localized. They are starting to have their own family which inspires them to work hard for a better career opportunity that will secure a good future for their children.
4. To further review the hiring of Senior High School (SHS) graduates, almost 30% based on the result are Senior High School graduates, and this may affect the promotion process to a managerial position and its operations. To limit the hiring of SHS graduates to 15%.
5. To analyze the performance of branch staff in all aspects and not only look into the number of clients. To set another indicator for branch staff performance.

For the Researchers

1. To use this study as a direction for more programs and progress related to staff localization.

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Table 1 Descriptive Statistics and Tests of Difference based on Localization

	Continuous	Pooled N=1886	Local Personnel N=1181				Non-local Personnel N=705				Tests of Diff.	
	Variables	Mean	Min	Max	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	T	p- value
	<b>NUMBER ACTIVE CLIENTS</b>	519.195	40	2156	463.25	394.219	10	2133	612.91	480.032	-6.990	<0.001
	<b>LOAN PORTFOLIO</b>	8636079	483574	38961939	7619762	6913872	65720	45629815	10338590	8484331	-7.200	<0.001
	<b>NO. DELINQUENT CLIENTS</b>	10.444	0	144	7.50	11.069	0	207	15.38	20.023	-9.612	<0.001
	<b>PAST DUE AMOUNT</b>	107673	0	1268400	80624	121487	0	1397400	152984	201783	-8.633	<0.001
	<b>TOTAL SAVINGS</b>	3737136	7890	16999490	3238526	2940591	3930	18785680	4572397	3778543	-8.033	<0.001
	<b>Capital Build-up (CBU)</b>	33425304	7050	15226130	2886961	2640989	3670	17409520	4105689	3419284	-8.127	<0.001
	<b>Locked-in Capital Build-Up (LCBU)</b>	394606	840	1773360	351565	312951	260	1822120	466707	381208	-6.772	<0.001
	<b>PAR %</b>	1.1	0	20.58	0.95	1.23	0	14.69	1.28	1.33	-5.242	<0.001
	<b>Service</b>	2.23	1	9	2.01	1.56	1	9	2.61	1.90	-7.100	<0.001
	<b>Age</b>	23.70	18	35	23.34	3.443	18	35	24.30	3.576	-5.735	<0.001
	<b>No. of Children</b>	0.06	0	2	0.05	0.25	0	3	0.06	0.293	-0.707	0.240
	<b>Dichotomous</b>											
	<b>Variables</b>	<b>Mean</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Chi Sq.</b>	<b>p- value</b>
	Female	0.47	0	1	0.46		0	1	0.50		3.174	0.075
	<b>DBM</b>	0.23	0	1	0.17		0	1	0.33		64.786	<0.001
	CSSingle	0.90	0	1	0.91		0	1	0.89		1.067	0.302
	<b>EdBachDeg</b>	0.75	0	1	0.71		0	1	0.81		22.127	<0.001



**Table 2 Pearson’s Correlations (N=1886)**

	Local YN	Service	Age	SexF	CSSingle	Nochild	VocORDeg	DBM	Innoactivecl	Inloanpf	Logtlc bu	Logtc bu	Logtotsav	PAR	Lnpastdue
Service	-0.169**														
Age	0.132**	0.534**													
Female	-0.041	0.023	-0.072**												
CSSingle	0.024	-0.314**	-0.357**	0.084**											
Nochild	-0.017	0.156**	0.269**	-0.064**	-0.625**										
VocORDeg	-0.108**	0.319**	0.587**	0.116**	-0.168**	0.106**									
DBM	-0.185**	0.637**	0.472**	0.047*	-0.326**	0.191**	0.321**								
Innoactivecl	-0.179**	0.590**	0.437**	0.097**	-0.307**	0.194**	0.320**	0.861**							
Inloanpf	-0.185**	0.540**	0.410**	0.096**	-0.283**	0.175**	0.326**	0.814**	0.943**						
Logtlc bu	-0.143**	0.521**	0.387**	0.124**	-0.273**	0.174**	0.308**	0.753**	0.930**	0.926**					
Logtc bu	-0.191**	0.522**	0.395**	0.107**	-0.261**	0.162**	0.323**	0.766**	0.918**	0.974**	0.951**				
Logtotsav	-0.187**	0.524**	0.397**	0.109**	-0.263**	0.164**	0.323**	0.769**	0.924**	0.974**	0.960**	0.999**			
PAR	-0.122**	0.003	0.011	-0.031	0.003	-0.008	0.039	0.028	0.014	0.060**	0.013	0.051*	0.047*		
Inpastdueamtl plus	-0.189**	0.239**	0.189**	0.030	-0.109**	0.070**	0.183**	0.332**	0.423**	0.448**	0.439**	0.454**	0.455**	0.430**	
Innodecl plus	-0.302**	0.386**	0.303**	0.013	-0.188**	0.131**	0.229**	0.552**	0.621**	0.602**	0.564**	0.583**	0.584**	0.507**	0.772**

**Table 3 Regression: Personnel Characteristics and MFI Performance (N=1886)**

Dependent Variable	LnCBU				LnLCBU			
	B	Std. Err	t	Sig.	B	Std. Err	t	Sig.
(Constant)	14.330	0.116	123.642	0.000	12.186	0.117	104.101	0.000
LocalYN	-0.070	0.024	-2.940	<b>0.003</b>	0.007	0.024	0.277	0.782
Service	0.019	0.009	2.070	<b>0.039</b>	0.026	0.009	2.840	<b>0.005</b>
Age	-0.003	0.005	-0.540	0.589	-0.002	0.005	-0.478	0.633
Female	0.098	0.023	4.207	<b>0.000</b>	0.131	0.024	5.557	<b>0.000</b>
Nochild	0.053	0.055	0.970	0.332	0.075	0.055	1.361	0.174
VocORDeg	0.136	0.033	4.122	<b>0.000</b>	0.106	0.033	3.187	<b>0.001</b>
CSSingle	-0.003	0.052	-0.068	0.946	-0.036	0.052	-0.694	0.488
DBM	1.296	0.036	35.866	<b>0.000</b>	1.247	0.037	34.164	<b>0.000</b>
F-Statistic	353.452				326.304			
p-value	0.000				0.000			
Adj R2	0.599				0.588			
Highest VIF	2.137 (Age)				2.137 (Age)			

**Table 4 Regression: Personnel Characteristics and MFI Performance (N=1886)**

Dependent Variable	LnTotalSavings				LnLoanPortfolio				LnPastDueAmount			
	B	Std. Err	t	Sig.	B	Std. Err	t	Sig.	B	Std. Err	t	Sig.
(Constant)	14.444	0.115	126.038	0.000	15.362	0.097	157.713	0.000	10.115	0.664	15.238	0.000
LocalYN	-0.062	0.024	-2.610	<b>0.009</b>	-0.045	0.020	-2.248	<b>0.025</b>	-0.793	0.137	-5.784	<b>0.000</b>
Service	0.020	0.009	2.177	<b>0.030</b>	0.010	0.008	1.280	0.201	0.052	0.053	0.990	0.322
Age	-0.002	0.005	-0.534	0.594	-0.003	0.004	-0.721	0.471	-0.021	0.027	-0.794	0.427
Female	0.102	0.023	4.398	<b>0.000</b>	0.074	0.020	3.791	<b>0.000</b>	-0.002	0.134	-0.013	0.990
Nochild	0.055	0.054	1.014	0.311	0.042	0.046	0.909	0.364	0.138	0.314	0.441	0.659
VocORDeg	0.133	0.033	4.078	<b>0.000</b>	0.111	0.028	4.008	<b>0.000</b>	0.599	0.189	3.170	<b>0.002</b>
CSSingle	-0.008	0.051	-0.148	0.882	-0.030	0.043	-0.688	0.492	0.053	0.295	0.181	0.856
DBM	1.290	0.036	36.113	<b>0.000</b>	1.307	0.030	43.026	<b>0.000</b>	1.946	0.207	9.405	0.000
F-Statistic	358.846				478.516				35.951			
p-value	0.000				0.000				<0.001			
AdjR2	0.603				0.670				0.129			
VIF	2.137				2.137				2.137			

**Table 5 Regression: Personnel Characteristics and MFI Performance (N=1886)**

Dependent Variable	Per Cent of Portfolio at Risk				LnNumberofActiveClients				LnNumberofDelinquentClients			
	B	Std. Err.	t	Sig.	B	Std. Err.	t	Sig.	B	Std. Err.	t	Sig.
(Constant)	1.539	0.299	5.146	0.000	5.637	0.076	74.147	0.000	1.767	0.189	9.340	<b>0.000</b>
LocalYN	-0.325	0.062	-5.255	<b>0.000</b>	-0.019	0.016	-1.229	0.219	-0.417	0.039	-10.674	<b>0.000</b>
Service	-0.025	0.024	-1.042	0.297	0.022	0.006	3.719	<b>0.000</b>	0.018	0.015	1.205	0.228
Age	-0.012	0.012	-1.005	0.315	0.000	0.003	0.041	0.967	0.001	0.008	0.066	0.947
Female	-0.117	0.060	-1.946	0.052	0.073	0.015	4.754	<b>0.000</b>	-0.045	0.038	-1.190	0.234
Nochild	-0.045	0.141	-0.317	0.752	0.059	0.036	1.649	0.099	0.124	0.089	1.390	0.165
VocORDeg	0.157	0.085	1.841	0.066	0.047	0.022	2.180	<b>0.029</b>	0.099	0.054	1.842	0.066
CSSingle	0.003	0.133	0.021	0.983	-0.025	0.034	-0.733	0.464	0.047	0.084	0.560	0.575
DBM	0.090	0.093	0.966	0.334	1.214	0.024	51.225	<b>0.000</b>	1.126	0.059	19.090	<b>0.000</b>
F-Statistic	4.538				702.120				126.324			
p-value	<0.001				0.000				<0.001			
Adj. R <sup>2</sup>	0.015				0.748				0.347			
Highest VIF	2.137 (Age)				2.137 (Age)				2.137 (Age)			