

ASSESSMENT OF CHALLENGES AND MANAGEMENT STYLES EMPLOYED BY THE MONEY TRANSFER AGENCIES IN NAVAL, BILIRAN

Dr. Vicente Q. Solteo, Jr.

College of Arts and Sciences, Naval State University, Naval, Biliran Province, Philippines

Abstract: The study generally aimed to determine the operational business challenges of the money transfer agencies, how the money transfer agencies cope with the business challenges, and ascertain the management styles employed by the money transfer agencies in Naval, Biliran. Employing the descriptive survey method of research covering 22 supervisor and employees of money transfer agencies in Naval, Biliran. Failure to match the account number to account name got the highest weighted mean of 4.29, or was described as “Very Much Encountered”. The finding of solution through the help of the other employees/supervisor obtained the highest mean of 4.50 or was interpreted as “Extremely Agree”. While the consultative management style employed in dealing with the challenges obtained the weighted mean of 4.29 or was interpreted as “Extremely Agree”. The money transfer agencies should continuously upgrade and evaluate their management styles as a basis for their own development. The employees and supervisors should be sent to trainings relevant to their functions in order to gain much insights in strategies and styles in managing and resolving conflicts in their respective agencies. Seminars and symposia in enhancing the skills of the supervisors more specifically in the decision-making should be implemented. Supervising, public-relation, and conflict management skills should be conducted in the local station to minimize travel expenses.

Keywords: assessment; challenges; management styles; money transfer agencies; naval, biliran.

I. INTRODUCTION

A money transfer is an activity in which the expatriates send money to their country of origin via wire, mail, or online transfer. These peer to peer transfers of funds across borders are economically significant for many countries that receive them. Ever since, remittances have played an increasingly large role in the economies of small and developing countries. Money transfer is the second largest source of foreign exchange next to exports; the sum of all foreign exchanges is the gross international reserves (GIR). It is composed of gold, special drawing rights, foreign investments and foreign exchanges. A high GIR means that the Philippines can defend the pesos against other currency. During global financial crisis, remittances were able to help the country avert a recession. It was widely speculated that there would be a significant drop in inflows, but in reality, remittances grew by 13 percent.

Money transfer is not a new phenomenon in the world, being a normal concomitant to migration which has always been a part of human history. Several European countries for example Spain, Italy and Ireland were heavily dependent on remittances received from their emigrants during the 19th and 20th centuries. According to a World Bank study, the Philippines is the second largest for remittances in Asia. It was estimated in 1994 that migrants sent over US\$2.6 billion back to the Philippines through formal banking systems. With the addition of money sent through private finance companies and return migrants, the 1994 total was closer to US\$ 6 billion annually.

Money transfer plays a significant role in the Philippine economy. Money received by the families of OFW help in domestic consumption, a main driver in economic expansion. Domestic consumption accounts for two-thirds of the total output. In effect, it is a tool for poverty alleviation since families have a higher purchasing power than before.

The study sought to determine basically what and how these money remittance agencies undertake their money transfer activity. Specifically, the researcher conducted this research to assess what are challenges money transfer agencies usually face, how they cope up with the said challenges and the management styles employed in dealing with the challenges.

II. REVIEW OF LITERATURE

The following literature is reviewed to provide support and substance to the study.

A study by the Asian Development Bank (ADB) revealed that foreign remittances by OFWs stood at 12 percent of the gross domestic product (GDP), making it one of the most important sources of foreign exchanges in the country. As remittances continue to increase, economists' and policy makers' interest in this type of foreign currency flow is not only due to their size, but also to their stability over time in comparison with other foreign currency flows.

According to Frankel, et al. (2011), foreign currency inflows are classified as one (1) pro cyclical if the correlation between output and the cyclical component of flows is positive and statistically different from zero; (2) counter cyclical if it is negative and statistically different from zero; and (3) cyclical if the correlation is not statistically different from zero.

On the other hand, Giuliano and Ruiz Arranz, et. al (2009), argue that cyclicity of remittances with respect to the receiving economy can be contry or corridor specific.

Meanwhile, Chami et al. (2008) calculate the correlations between the cyclical component of real GDP and remittances divided by GDP. By construction, the two variables are expected to be negatively correlated.

Durand et al. (1996) find that migrants are more likely to remit economically dynamic and entrepreneurial communities, which suggests that remittances are sent as co-insurance.

In addition, Durand and Konica find that those migrants with stable jobs are more likely to remit the right conditions.

Conceptual framework:

This study anchored on the challenges, strategies and management styles employed by the money transfer agencies in Naval, Biliran. To deeply appraise the intention of the study, it looked into the operational business challenges of the money transfer agencies in Naval, Biliran, how the money transfer agencies cope the business challenges, and what are the management styles employed by the money transfer agencies.

III. OBJECTIVES OF THE STUDY

This study aimed to assess the operational activities and management styles of the money transfer agencies in Naval, Biliran.

Specifically, it sought to answer the following questions:

1. What are the operational business challenges of the money transfer agencies?
2. How the money transfer agencies cope with the business challenges?
3. What are the management styles employed by the money transfer agencies?

Framework of the Study:

This study valued the following theoretical and conceptual framework as its strong foundation of this research.

Theoretical framework:

This study anchored on the theory regarding the impact of remittances on development called as the "Development Optimistic School". This theory holds an optimistic view of remittances and its effect on development. It emerged from the neoclassical migration hypothesis. According to this view, migration leads to "North-South" transfers of investment capital and means an acceleration of the labor exporting countries exposure to "liberal, rational and democratic ideas, modern knowledge and education (Adenutsi, 2010). The general assumption is that flows of remittances as well as

experience, skills and knowledge that migrants acquire will enhance development in the recipient countries. Especially the take-off in economic sense is expected to thrive because migrants would be expected to invest great capital into enterprises in the countries of origin. This would stimulate development and modernization in the underdeveloped economies.

Figure 1 presents the conceptual framework of the study.

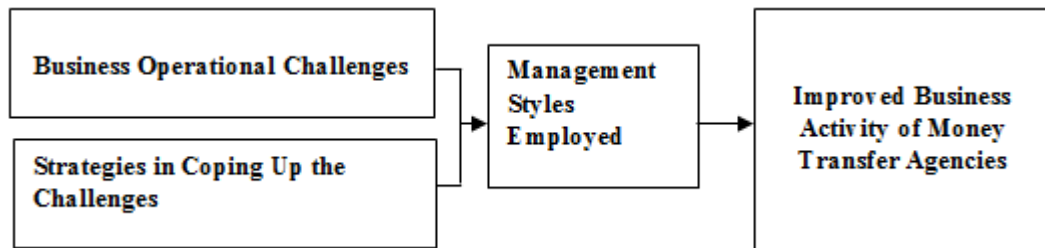


Figure 1: presents the conceptual framework of the study Scope and Delimitation of the Study

This scope of this study was limited to the money transfer agencies in Naval, Biliran for the year 2018. It will focus on the assessment of these money transfer agencies in terms of their business operational challenges, how they cope up with the challenges and the management styles employed by these agencies in dealing with the challenges.

IV. METHODOLOGY

This segment of the study discusses the methods used. It describes and discusses the research design, research locale, research subjects, research instrument, data gathering procedure, data scoring and statistical treatment of data.

Research Design:

The research used the research design with the survey as the main technique in the study. A descriptive method is a fact-finding study with adequate and accurate interpretation of finding variables such as assessment of money transfer agencies in terms of their business operational challenges, how they cope up with the challenges and the management styles employed by these agencies.

Research Locale:

The study was conducted in the municipality of Naval, Biliran where the business establishments including money transfer agencies were located.

Research Respondents:

The respondents of this study were the employees including the supervisors of the money transfer agencies in Naval, Biliran. A total of 22 respondents from the 11 identified money transfer agencies were included in the study. A random sampling method was the method used in selecting the respondents based on their willingness to give information and answer the survey questionnaires.

Research Instrument:

The research instrument used during the data gathering was a survey questionnaire developed by the researcher based on the objectives of the study. The instrument was composed of three (3) parts.

Part I covered the assessment of money transfer agencies in terms of their business operational challenges. Part II finding how these money transfer agencies cope with the challenges. Part III covered the management styles employed by the money transfer agencies in Naval, Biliran.

Data Gathering Procedure:

Firstly, the researcher secured the permission from the supervisor of each money transfer agencies in Naval, Biliran to allow him to distribute the survey questionnaires to the respondents needed for the study.

Then, the gathering of data was administered personally by the researcher to the respondents assuring them of the confidentiality of information but only for the purpose of research.

After the respondents have accomplished the questionnaires, the same had been retrieved by the researcher.

Data Scoring:

All data yielded by the instrument were tallied, analyzed, and interpreted accordingly. The scale used in assessment of money transfer agencies in terms of their business operational challenges was presented below:

Ranges		Interpretation
4.11 – 5.0	-	Very Much Encountered
3.51 – 4.10	-	Encountered
2.51 – 3.50	-	Moderately Encountered
1.51 – 2.50	-	Sometimes Encountered
1.0 – 1.50	-	Not encountered

The scale used in determining the strategies employed by the money transfer agencies in dealing with the operational challenges and determining the management styles employed was presented below:

Ranges		Interpretation
4.11 – 5.0	-	Extremely Agree
3.51 – 4.10	-	Agree
2.51 – 3.50	-	Moderately Agree
1.51 – 2.50	-	Less Agree
1.0 – 1.50	-	Disagree

Statistical Treatment of Data:

After the collection, responses were coded, entered into, and analyzed using the weighted mean as a statistical tool used in the study.

V. RESULTS AND DISCUSSION

This portion of the study presents the results of the data gathered by the researcher. Said results were organized and presented with respect to the research objectives.

Business Operational Challenges Encountered by Money Transfer Agencies

Table 1 presents the business operational challenges encountered by money transfer agencies in Naval, Biliran.

Table 1: Business Operational Challenges

Business Operational Challenges	WM	DI
1. Weak signal that interrupts the operation in sending and receiving money.	2.03	Sometimes Encountered
2. Frequent electric brownout/shutdown.	2.30	Sometimes Encountered
3. Economic issues that hinder money transfer activity.	3.57	Encountered
4. Failure to match the account number to account name.	4.29	Very Much Encountered
5. Failure on sending the right transaction code.	4.14	Very Much Encountered
AWM	3.26	Moderately Encountered

The table 1 above disclosed that the failure to match the account number to account name obtained the highest weighted means of 4.29 or was described as “Very Much Encountered”. The failure on sending the right transaction code obtained the second highest weighted mean of 4.14, or was categorized as “Very Much Encountered”. The economic issues that hinder money transfer activity, frequent electric brownout/shutdown, and weak signal that interrupts the operation in sending and receiving money obtained a weighted means of 3.57, 2.30, and 2.03, respectively, or were interpreted as “Encountered”, “Sometimes Encountered”, and “Sometimes Encountered”, respectively. The overall average weighted mean obtained was 3.26 or was interpreted as “Moderately Encountered”.

It means that the money transfer agencies in Naval, Biliran has encountered these operational challenges as usual part of their business operations.

Strategies in Dealing with the Business Operational Challenges

Table 2 shows the strategies in which the money transfer agencies cope with the business operational challenges in Naval, Biliran.

Table 2: Strategies of Money Transfer Agencies in Dealing the Business Operational Challenges

Strategies in Dealing with the Challenges	WM	DI
1. Seek the help from other employees/supervisor	4.55	Extremely agree
2. Solve the problems alone	2.01	Less agree
3. Wait until the solution comes	1.5	Disagree
4. Show a do not care attitude	1.0	Agree
5. Ignore looking for a solution	1.5	Disagree
AWM	2.11	Less Agree

Data from table 2 above showed that ‘seek the help from other employees/supervisor obtained a highest weighted mean of 4.55 or was interpreted as “Extremely agree”. ‘Solve the problems alone obtained a weighted mean of 2.01 or was interpreted as “Less agree”. While, ‘wait until the solution comes’, and ignore looking for a solution posted the same weighted mean of 1.5 or were interpreted as “Disagree”. And ‘show a do not care attitude’ obtained the lowest mean of 1.0 or was interpreted as “Disagree”.

It means that the employees/supervisor of the money transfer agencies in Naval, Biliran employed strategies to really to solve the problems by asking the help from other employees/supervisor as member of the team.

Management Styles Employed by the Money Transfer Agencies

Table 3 shows the management styles by which the money transfer agencies in Naval, Biliran employed.

Table 3: Management Styles Employed by the Money Transfer Agencies

Management Styles Employed by the Money Transfer Agencies	WM	DI
1. Used the autocratic style in dealing with the challenges	3.20	Moderately agree
2. Used the chaotic style in dealing with the challenges	1.00	Disagree
3. Used the consultative style in dealing with the challenges	4.51	Extremely agree
4. Used the democratic style in dealing with the challenges	3.90	Agree
5. Used the laissez-faire style in dealing with the challenges	1.50	Less agree
6. Used the persuasive style in dealing with the challenges	3.51	Agree
AWM	3.52	Agree

As reflected in table 3, money transfer agencies used the consultative style of management in dealing with the challenges obtained the highest weighted mean of 4.51 or was described as “Extremely agree”. The management used the democratic style of management got the second highest weighted mean of 3.90 or was interpreted as “Agree”. Used the persuasive, autocratic, laissez-faire, and chaotic style of management got the weighted mean of 3.51, 3.20, 1.50, and 1.00, respectively, or were described as “Agree”, “Moderately Agree”, “Less Agree”, and Disagree, respectively. Over all, the average weighted mean obtained was 3.52 or was interpreted as “Agree”.

It means that the consultative style of management is the most effective management style preferred by the money transfer agencies in dealing with the challenges in their business operations as this requires the meeting of the minds of each member of the business in coming up with the decisions.

VI. CONCLUSIONS

Most of the money transfer agencies in Naval, Biliran have encountered an operational problems such as failure to match the account number to account name. The strategies in which the money transfer agencies cope with the business operational challenges was to seek the help from other employees/supervisors. The management styles by which the money transfer agencies in Naval, Biliran employed was the consultative style in dealing with the challenges.

VII. RECOMMENDATIONS

The money transfer agencies should continuously upgrade and evaluate their management styles as a basis for their own development. The employees and supervisors should be sent to trainings relevant to their functions in order to gain much insights, strategies and styles in managing and resolving conflicts in their respective agencies. Seminars and symposia in enhancing the skills of the supervisors more specifically in the decision-making. Supervising, public-relation, and conflict management skills should be conducted in the local station to minimize travel expenses.

ACKNOWLEDGMENT

The author wishes to acknowledge the following authorities and/or personalities for their invaluable contributions for this research study:

Open Science Journal officers and employees for the publication of this study;

Dr. Victor C. Cañezzo, Jr., OIC University President of Naval State University for his encouragement and moral support for us, faculty members of Naval State University, in order to come up with this research study;

Dr. John Anthony D. Romagos, Dean of the College of Arts and Sciences for his moral support for us, faculty members, to finish this study;

My colleagues, fellow faculty members, and staff in the College of Arts and Sciences, Naval State University for their contributions in shaping out the research manuscript;

The author's family, friends and relatives for their prayers;

And finally, our God almighty, the Creator of heaven and earth, for His gift of life, good health and wisdom given to the author.

REFERENCES

- [1] Adenutsi De (2010). Do International Remittances Promote Human Development in Poor Countries. *International Journal of Applied Economics and Finance*, Vol. 4, No. 1: pp. 31-45.
- [2] Commander S, et al. Must Skilled Migration be a Drain. *World Economy* 31, (2), 187.
- [3] Caparro, Leah Bell S., et al. Money Transfer Through Financial Institutions in Naval, Biliran.
- [4] De Haas H, (2007). Remittances, Migration and Social Development – A Conceptual Review of the Literature, Social Policy and Development Programme, 34, United Nations Institute for Social Development. Discussion Paper Series, 477.
- [5] Fajardo, Artela. Conflict Management Styles of the School Administrators of Calubian Districts, Calubian, Leyte. A Dissertation.