

**LOAN DEPENDENCE OF EMPLOYEES OF A GOVERNMENT
FINANCIAL INSTITUTION IN MAKATI CITY**

A Thesis
Presented to the Faculty of the
Graduate Studies in Business
De La Salle University-Dasmariñas
Dasmariñas, Cavite

The seal of De La Salle University-Dasmariñas is a circular emblem with a scalloped border. It features a central shield with a cross and a book, flanked by two figures. The shield is set against a background of a large, stylized 'S' shape. The text 'AKLATANG EMILIO AGUIRRE' is written along the top inner edge, and 'DE LA SALLE UNIVERSITY-DASMARIÑAS' is written along the bottom inner edge. The words 'RESOURCE CENTER' are written on the right side, and 'Cavite, Philippines' is written on the left side. The year 'Since 1977' is written at the bottom center.

In Partial Fulfillment
of the Requirements for the Degree of
Master of Business Administration

LAWRENCE C. GATDULA

February 2012

ABSTRACT

GATDULA, L.C., Loan Dependence of Employees of a Government Financial Institution in Makati City. Master in Business Administration, De La Salle University-Dasmariñas, Cavite, June 2011. Adviser: Dr. Alice T. Valerio.

The purposes of this research were to determine the factors affecting the loan dependence of the respondents from the employees of the subject GFI, describe their characteristics, determine the total amount of loans they availed of, determine their purposes for availing of loans, assess their loan dependence, analyze the effect of their characteristics on loan dependence, and compare their loan dependence when grouped according to their characteristics.

On average, the respondents are 42.88 year-old, stayed in their current work for 16.40 years, had been working for almost 20 years, with household size of about 5 members (including the respondent), and had favorable general and specific attitudes towards debt. Majority of the respondents were married, widow/er, or separated, female, rank and file employees, had rated themselves as having satisfactory knowledge and skills in handling their debt, were either debt literate or slightly debt literate, and had sufficient financial safety net.

The mean loan availment was PhP2.04 million (with a total of PhP500.25 million) and outstanding balance was PhP1.79 million (with a total of PhP439.45 million). More than half of the loans availed of by the respondents were for general purposes.

Majority, and on average (at almost 29% level of loan dependence), the respondents were moderately dependent on loan. The respondent with the highest was at 50 percent (high level loan dependent) while the lowest was two percent (low level of loan dependence). Majority of the respondents were moderately dependent on loan.

Result of the two-stage least square regression shows that the factors significantly affecting loan dependence were years in service in current work, total working years, marital status, and financial safety net. Except for total working years, all significant factors have positive effect on loan dependence.

Using independent sample *t*-test and one-way ANOVA, it was found that there was a significant difference in loan dependence when grouped according to years in service in current work, total working years, educational attainment, marital status, household size, gender, position in current work, and financial safety net.

The results of this study may be used as a guide by the subject GFI in formulating loan and benefit policies for their employees. In addition, the subject GFI's PF may implement stricter policies in granting loans to their members. The subject GFI may encourage its employees to save by creating a savings campaign. Finally, the subject GFI may create an Employee Financial Education Program to promote financial education and re-educate its employees.

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