



CHAPTER I

THE PROBLEM AND ITS BACKGROUND

Introduction

In traditional business and organizational practices, many organizations and businesses continue to rely on manual document handling to manage critical records, particularly in industries where physical documentation such as 201 files remains essential. Traditionally, physical storage systems like filing cabinets and paper-based records have been used to organize and store information. This method requires meticulous organization, often employing structured filing techniques such as color-coded folders and indexing systems for efficient document retrieval (Whisperit, 2025). For example, color-coded folders are commonly used to categorize different types of documents within a file, such as blue for performance reviews and red for disciplinary actions, while detailed indexing ensures easy reference to each employee's records. In addition to color coding, some organizations employ alphabetic or numeric sorting systems, with files often organized alphabetically by employee name or by employee identification number. Filing systems may also include subcategories based on specific document types, such as contracts, certifications, or correspondence. In educational institutions, different academic departments managing various programs also handle 201 files manually, organizing student records such as enrollment forms, grades, and certifications using structured filing techniques (Instabright Gazette, 2025). Despite the growing trend of digitalization, many businesses still prefer manual 201 file management due to concerns over data security, accessibility, and compliance with industry regulations. Some organizations find physical records more reliable in case of system failures, cybersecurity threats, or legal audits that require tangible



documentation. Furthermore, manual filing systems allow for hands-on control over sensitive employee information, reducing the risks associated with digital breaches and unauthorized access. According to a guide by Michael Graw (2025), proper organization is key to accurate, compliant personnel files that are easy to manage, protect, and access. As businesses seek more efficient and secure alternatives, there is a growing shift toward Document Management Systems (DMS).

Manually handling HR documents, especially in the traditional paper form, remains issue. Many HRs are still against paperless environments because of fear over the security of the electronic record and its vulnerability to data breaches. Paper-based documents pose higher risks of privacy breaches, errors, and disasters, reducing overall security. Besides, Human Resources (HR) has the complication of dealing with various documents that are produced from mail, fax, e-mail, and web forms. Becomes a hybrid system that leaves employee records dispersed across the system and various locations in a way that makes impossible for HR to view the files of any employee in totality. Maintaining compliance is therefore challenging without a centralized digital repository, especially where retention laws may vary depending on the type of record. Moreover, the HR departments are also accountable for compliance regulations. Therefore, management, storage, and retention of employee records in a proper way are critical not to fall victim to legal cases (Docufree, 2023).

Digitizing employee files offers massive opportunities for organizations, especially regarding efficiency and access. Employees search for files, emails, and printed documents for an average of 51 minutes every day. The HR team may concentrate on more important tasks by cutting that time down to 30 seconds or less by switching to digital files. To support the transition, businesses adhere to international



standards like ISO 15489, ISO 27001, ISO 30301, and ISO 9001, ensuring secure, compliant, and efficient document handling. As part of ISO 9001, organizations must define retention periods to ensure records are maintained and securely disposed of in accordance with legal and operational requirements. For instance Google's HR department utilizes an advanced digital file management system that centralizes employee 201 files, including personal details, employment history, performance records, and compliance documents. Their system integrates with AI-powered analytics to track employee progress and streamline document retrieval, reducing administrative workload. Similarly, Facebook employs a secure, cloud-based employee records management system, allowing HR personnel to access, update, and audit 201 files in real time. This system improves compliance with data protection regulations while ensuring seamless document access for authorized personnel. By allowing HR staff to concentrate on more important activities rather than administrative ones, this becomes a time-saving feature. Better access is another benefit of digital files, enabling HR teams and staff to view critical records efficiently. This streamlined process eliminates the drawbacks of traditional paper-based systems (AccessCorp, 2023).

Transitioning HR 201 files to a digital system is challenging. Change resistance is a significant barrier; employees using traditional methods may not be able to adapt. Security and privacy risks occur because of potential data breaches and compliance requirements, demanding strong encryption and access controls. A hybrid paper-digital environment complicates record management, is hard to maintain centralized employee files. Document organization and retrieval become challenging without proper categorization, leading to digital clutter. Lastly, legal and compliance challenges may require retaining physical copies of certain documents, hindering full digitization.



Addressing these challenges is essential for a smooth and secure transition (Adlib Software, 2023).

Background of the Study

EXACT Colleges of Asia, Inc. (ECA) is a private higher education institution based in Suclayin, Arayat, Pampanga. Originally called the Excellence and Competency Training (EXACT) Center, the school was established in 2012 and primarily offers nautical courses. Over the years, the HR department has grown significantly, playing a vital role in managing faculty and staff while addressing the needs of students, employees, and instructors. Currently, ECA has a total of 183 personnel, consisting of 91 part-time instructors, 22 full-time instructors, 43 non-teaching staff, and 27 senior high school teachers.

To manage personnel records, the HR department maintains a list of employees and respective positions using Excel spreadsheets. While this method provides a structured format for organizing staff information, limitations exist in efficiency, security, and accessibility. Spreadsheets require manual updating, increasing the risk of data redundancy, inconsistencies, and human error. Additionally, searching for specific personnel records, tracking employment history, and ensuring document compliance can be time-consuming, especially as the institution continues to expand. The workload becomes even more demanding during the enrollment period, when HR is responsible for handling faculty assignments, contract processing, and other administrative tasks.

Beyond personnel tracking, managing HR 201 files including personal information, employment history, and performance evaluations remains a manual and labor-intensive process. Paper-based record-keeping, combined with Excel spreadsheets, presents challenges in retrieving, updating, and securing sensitive



employee data. Inefficiency can cause delays in decision-making and administrative operations, affecting overall HR productivity.

Statement of the Problem

1. How can the current HR 201 file management process at ECA be improve?
2. What features should the HR 201 File Management System include to enhance file management efficiency?
3. What methodology will be used to develop the HR 201 File Management System?
4. How can the effectiveness of the HR 201 File Document Management System be evaluated?

General Objective

To design and develop an effective HR 201 File Management System for Exact Colleges of Asia.

Specific Objectives

Specifically, the study of HR 201 File Management System aimed to:

1. To design a 201file management system for the office of Human Resources.
2. To develop a HR 201 file management system that has the following capable of:
 - a. User and Access Management Module - ensures secure system access by enabling admin login, authentication, and role-based access control for HR staff. Manage user profiles and sets document access permissions to ensure confidentiality. Additionally, maintains audit logs



that track document access and modifications, promoting accountability within the system.

- b. 201 File Management Module - facilitates the digitization, organization, and management of employee records. HR staff can add, update, and delete employee information, including personal details, employment history, and job status (Active, Resigned, Terminated). The module ensures proper document classification based on retention policies, allowing for quick and efficient retrieval of necessary records.
- c. Document Management Module - serves as a centralized storage system for all employee-related documents, including contracts, IDs, certificates, payroll records, and training documents. Supports file version control, document updates, and expiration tracking to maintain compliance with retention policies.
- d. Printing and Scanning Module - enhances document accessibility by allowing HR staff to digitize physical documents directly into the system. Supports high-quality scanning for accurate digital record-keeping and enables printing of necessary files, including employee records, reports, and certificates. This ensures seamless integration between digital and physical records.
- e. Reports and Analytics Module – Provides powerful reporting tools that generate insights into employee data, employment history, and performance records. Tracks document retrieval logs and offers HR analytics, such as employee retention trends, training needs, and compliance tracking. The module also includes sorting and categorization features, allowing HR personnel to filter and organize



employee data based on different roles or departments. Additionally, the system records employees' academic backgrounds and subject expertise, enabling HR to identify qualified instructors when a school requires a teacher for a specific subject. This functionality enhances data accessibility and enables more efficient workforce management and decision-making.

- f. Backup, Security, and Compliance Module - ensures data integrity and protection by implementing both automatic and manual backup options. Includes data recovery mechanisms to prevent information loss in case of system failure. To safeguard sensitive HR data, the module employs encryption protocols and ensures compliance with data protection regulations, maintaining the confidentiality and security of employee records.
3. Identify the tools and software development methodology that is suitable to the proposed system;
4. Define the level of acceptability of the system in terms of the following criteria:
 - 4.1 Functional Suitability;
 - 4.2 Performance Efficiency;
 - 4.3 Compatibility;
 - 4.4 Interaction Capability;
 - 4.5 Reliability;
 - 4.6 Security;
 - 4.7 Maintainability;
 - 4.8 Flexibility; and



4.9 Safety.

Scope and Limitation

The HR 201 File Management System for Exact Colleges of Asia is design to streamline employee records and document management. The following features fall within the scope of the system: (1) HR staff and authorized users will be able to log in to the system to manage employee data and documents; (2) HR staff can add, update, and delete employee records, including personal details, employment history, and job status; (3) HR staff will be able to upload, store, and categorize documents such as contracts, IDs, and certificates; (4) The system will allow for file version control and expiration notifications, like reminders for contract renewals; (5) Reports related to employee data and document access can be generated for analysis and auditing purposes; (6) The system will provide access control and permissions to ensure that confidential documents are available only to authorized personnel; (7) Lastly, the system will handle performance evaluations and incident reports, ensuring that employee assessments and workplace issues are properly documented and managed. Providing a structured approach to tracking employee performance and addressing incidents allows HR to maintain accurate and organized records for decision-making and compliance.

However, like any system, the propose HR 201 File Management System has its limitations. The system will only cover employee data and documentation within Exact Colleges of Asia. Will not be accessible to non-enrolled students or any personnel outside the HR department. The system will only be applicable to current employees, and historical records from previous employees may be excluded or archived. The



system may encounter downtime due to technical issues, such as power interruptions or server maintenance, which could temporarily halt functionality. Lastly, the system will not handle payroll unless integrated with other existing HR systems in the future.

Significance of the Study

The development and implementation of the HR 201 File Management System for Exact Colleges of Asia is expected to enhance the efficiency of managing employee records and automate document-related processes. The study holds significant value for the following stakeholders:

1. To the Head of HR

The Head of HR will benefit from the HR 201 system by streamlining the management of employee records and documents. The system will facilitate easy access to comprehensive employee information, enhance data accuracy, and ensure compliance with regulations. Will also enable the Head of HR to generate reports for auditing, performance reviews, and workforce planning more efficiently, leading to more effective decision-making and administrative oversight.

2. To the HR staff

The HR staff will benefit from the system by having quicker and more secure methods for uploading, retrieving, and managing important employee documents. The system will allow for easier access to employee records, simplifying updates and reducing the risk of errors. By eliminating the need for manual, paper-based record management, HR staff will be able to work more



efficiently and ensure that employee information is organized, accurate, and accessible in real time.

3. To the Employees

Employees will benefit from the system indirectly, as the HR department ensures employment records are securely stored, accurately maintained, and easily managed. By streamlining the documentation process, the system reduces errors and delays in handling employee records, such as contracts, certifications, and other employment-related documents. Employees can have confidence that records are well-organized and readily available when needed, improving overall efficiency in HR operations.

4. To the Proponent

The study provides valuable insights into the design and development of a digital document management system, offering the proponent an opportunity to enhance skills in system development, data management, and software engineering. Also contributes to academic and professional growth by showcasing the role in advancing ECA's technological capabilities.

5. To Future Researchers

Future researchers will benefit from the study as a case study for understanding the application and development of a web-based document management system. Will provide a foundation for further research in document management, HR systems, and digital transformation in educational institutions.



Definition of Terms

201 File – A personal employment record that contains an employee's essential documents, including personal details, job history, contracts, performance evaluations, and other work-related records maintained by an organization.

DMS (Document Management System) - A system for storing, managing, and tracking documents and files to enhance organization, retrieval, security, and version control while reducing paper usage.

Digitizing – The process of converting physical records, documents, or information into a digital format for easier storage, access, and management. This helps improve efficiency, security, and data retrieval while reducing paper usage.

Electronic Record – Information or documents created, stored, or transmitted in a digital format. Electronic records allow for easy access, retrieval, and management while maintaining data security and integrity.

HR (Human Resources) – the department within an organization responsible for managing and supporting employees. HR handles recruitment, onboarding, training, employee relations, payroll, benefits administration, performance evaluations, and ensures compliance with labor laws and regulations. Additionally, HR is responsible for managing 201 files, which contain essential employee records such as personal details, job history, contracts, and performance evaluations.



Hybrid System – A system that combines different technologies or methods to enhance functionality. For example, may blend digital and paper records or use both local and cloud-based storage.

Hybrid Paper-Digital Environment – A document management approach that integrates both physical (paper-based) and digital record-keeping systems. The environment allows organizations to transition from traditional paper documents to digital formats while maintaining access to essential physical records. It enhances efficiency, accessibility, and security by combining the benefits of digital storage, such as quick retrieval and backup capabilities, with the familiarity and legal acceptance of paper documentation.

ISO (International Organization for Standardization) – A globally recognized organization that develops and publishes international standards to ensure quality, safety, efficiency, and interoperability across various industries, including technology, manufacturing, and management systems.

ISO 9001 – An international standard for quality management systems (QMS) that provides a framework for organizations to ensure consistent quality in products and services. Emphasizes customer satisfaction, continuous improvement, and regulatory compliance, helping businesses streamline operations and enhance efficiency. ISO 15489 ensures proper record management, ISO 27001 protects sensitive information, and ISO 30301 helps organizations maintain reliable and accessible records.

Manual Filing System - manual filing system is a traditional method of organizing and storing physical documents using paper-based records. It involves



categorizing, labeling, and storing files in cabinets, folders, or binders, typically arranged alphabetically, numerically, or by subject. The system requires human effort for filing, retrieving, and maintaining records, making it prone to inefficiencies, misplacement, and security risks compared to digital alternatives.



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