



**Factors Affecting Young Workers' Motivation
and Commitment to Stay:
The Context of the Philippine IT-BPO Industry**

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This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

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Abstract

The IT-BPO industry in the Philippines has experienced significant growth over the past decade and has now established itself as a global leader. However, despite being a high growth sector, the industry is still troubled by high attrition rates annually. The research focused on the factors that affect employee retention, and identify the ways how the applicants, majority young workers, navigate the application, selection, hiring, and training processes in the industry. The mechanism that the government, industry, and other stakeholders have put in place to address this issue was also discussed.

The study used a mix of both qualitative and quantitative approaches. An online survey was used to ask former and current IT-BPO employees about their experiences in the industry, their primary reason for applying and their motivations for quitting, if applicable. Interviews with other stakeholders like the government, industry association representatives, and HR practitioners, were used to supplement the primary data derived from the online survey. The study employed a development framework highlighting the changes on how the labour market has used educated workers to contribute to national development. Moreover, it highlights the initiatives the government and its major role in human capital development through education and training.

Relevance to Development Studies

Education is one of the primary human capital development initiatives of any nation. The study highlights the roles of different stakeholders in national development, and how these stakeholders like the government, households, educational institutions, and the industry, affect the entire development framework. It illustrates the decisions that dictate the demand and supply of skilled labour, and why these decisions do not lead the desired development outcomes like economic growth and general wellbeing. The reason for this then dictates the role of the government to introduce interventions, in this case, the prevalence of attrition and skills mismatch in the industry.

Keywords

Young people, IT-BPO, attrition, retention, human capital, labour market

Chapter 1

Introduction

1.1. Background of the Study

A number of authors (Mattoo & Wunsch, 2004; Shamounki & Orme, 2003; Pande, 2006) have attributed the growth of economies in Asia-Pacific to the increased investment in education, skills development, and the use of technology. Moreover, Pande (2006) stresses the importance of the use of technology-oriented curriculum to address the labor market demands and improve competitiveness. This highlights the role of education as a primary tool in human capital development. Creating education policies that take into consideration the changing demands of the market due to globalization facilitates this.

The IT-BPM industry in the Philippines is a clear example of investing in human capital and technology that translates to growth. The country is now a global market leader in the Information Technology and Business Process Management (IT-BPM) sector. It is number 1 in voice and number 2 in non-voice IT-BPM outsourcing destination with 1 million full time employees (FTEs), and has been credited to be one of the major drivers of economic growth in the Philippines (DOST-ICTO, 2015). Industry reports (Tholons, 2012 & 2014; IBAP & TeamAsia, 2014) attribute the exponential growth of the industry in a short amount of time to the massive talent pool available in the Philippines, producing over 500,000 graduates annually. Aside from talent and skills, these reports note that the success of the industry is largely due to the fact that the labor force is service oriented and able to speak English.

Among other industries in the Philippine labour market, IT-BPO has the highest employment generation potential due to its rapid growth for the past few years and it's projected growth in the next five years. Moreover, the jobs being generated in this sector is parallel to the human capital investment initiatives of the government through the introduction of educational reforms like the implementation of the K-12 Program, Science, Technology, Engineering, Agriculture, and Mathematics or STEAM, and the strengthening of the Technical-Vocational Education and Training or TVET. The government is also funding other capacity building programs nationwide for graduates and 'near-hires', or those who were able to complete the recruitment process but were not hired. However, aside from academic skills, graduates are now expected to have technical and soft skills to be considered employable. The generation before the implementation of these educational reforms are now finding it difficult to enter the labour market.

The 'old curriculum' is more focused on obtaining a degree, or the more traditional approach in higher education, while the new or 'revitalised

curriculum' focuses on developing well rounded individuals and equipping students with 21st century skills. While they are technically qualified by satisfying the minimum requirement of having some college education, the necessary skills that the industry requires are lacking because they are not previously taught in universities. This results into massive skills mismatch.

Cedefop (2010) discussed the negative effects of skills mismatch in both micro and macro levels. On a macro level, skills mismatch can cause loss of competitiveness and slow down national economic growth. This happens when firms are forced to fill positions with unmatched skills due to shortage of qualified labour or worse, leave it unfilled. On the other hand, on the micro level, having workers who are overqualified in terms of academic qualifications but lack the necessary skills and competencies is a definite loss. Young workers especially, who are entering the labour market, suffer from 'constrained opportunities' and wages in the domestic economy that may prompt them to seek employment elsewhere, eventually resulting to brain drain (Ra, Chin, & Liu, 2015).

1.2. Research Problem

In as much as it is celebrated, there are issues and concerns about the industry, especially the gap in supply and demand of talents and its quality. The Bureau of Labor and Employment Statistics (BLES) reports that call center agent remains to be the top identified hard-to-fill jobs across major occupation groups in the country with 63,212 vacancies or 42.4% of the total 149,226, citing the difficulty in finding applicants that have the right skills and competencies as the primary reason (BLES, 2014). This is further validated by industry reports, explaining that the hiring rate is only at 5-10%, wherein out of 100 applicants, only 5-10 get hired. Moreover, the contact center sector consistently records high attrition rates compared to other major industries with 60% company attrition, 20% leave industry (IBPAP & TeamAsia, 2014).

Ofreneo et al. (2007) highlights the importance of investigating high turnover and replenishment rates in the industry, as it reflects deeper human resources development problems that doesn't only affect the firm but the individual employee and the industry in general. High turnover indicate that the industry is unable to address the concerns of its workforce. While it has been declining for the past few years, from as high as 50% in 2007, 20% attrition is still considered high for any industry. Moreover, Ofreneo et al. (2007:542) notes that 5% is already considered "*atrocious, enough to fuel demands by stockholders for the resignation of the human resource and other managers, including the CEO*". Further, if the 20% were retained, the shortage for agents will be minimized and reduce the costs incurred by the firm as well as the government in recruitment, training, and job orientation.

A number of researches have been conducted over the years on the importance of examining employee turnover. The most apparent reason, as

articulated by Darmon (1990), is the reduction of recruitment cost and socialization. Rao & Argote (2006) explains that companies seek to prevent voluntary turnover to keep and preserve important knowledge and practices within the organization. Reilly et al., (2014) focuses on labour by highlighting the importance of enhancing job performance, while Nyberg and Ployhart (2013) considers it important to develop human resources as a competitive advantage. Moreover, Fazio et al. (2017) discussed that turnover intention is heavily researched because it is a good indicator of turnover behaviour. Early detection of employee attitude could prevent voluntary turnover. Key indicators of turnover intentions may include plans to leave their jobs and plans to search for a new one.

This phenomenon was also observed and heavily researched in India. It is the original prime global destination of offshored work from USA, Europe, and Australia, before the Philippines overtook it in 2012. Vira and James (2012) describes the industry as a significant player in absorbing the growing number of young ‘educated unemployed’ in the country, and vital provider of ‘decent work’. However, there are also criticisms especially in the quality of work and employment opportunities the industry offers. Tharoor (2007:17-18) describes it as the industry “*providing well-educated, urban, middle class graduates*”, who form the majority of the workforce, with extremely high salaries but only a fraction compared to what an American would be receiving for the same work. This, according to them, characterizes the India’s globalized workforce. Moreover, Vira and James (2012) reiterate Mirchandani (2005) in describing it as a process of offshoring work from the Global North to the Global South. While they recognize its significant contribution to the India’s global service economy, it is being criticized because it is considered to be a waste of India’s ‘educated elite’. It is viewed as an exploitative neo-colonial scheme because “*highly educated men and women of colour in the Global South are engaged in the type of employment that is conventionally associated with deskilled and feminized work in the North*” (Mirchandani, 2005:114).

Moreover, as observed in India, it is important to examine the significance of the IT-BPO industry as employers in the relatively new service economy of the Philippines. Chandrashekhara (2010) views the case of India in the post-reform growth context wherein economic growth doesn’t translate to job creation, which eventually leads to unemployment and underemployment (Thite & Russell, 2007). Moreover, Jeffrey et al. (2008) describes this phenomenon wherein more young people are recognizing the benefits and advantages of having education for personal improvement but is hampered by limited opportunities in securing a well-paying job. This, according to Jeffrey (2008) is a trend observed in the Global South. The IT-BPO industry creates a stir by providing new and decent work opportunities to the young and educated, urban middle class workers (Ramesh, 2005). It also provides young workers with financial independence by offering relatively high salaries and more disposable incomes (Kamdar, 2007).

1.3. Concepts and Definitions of Term

1.3.1. Working Definition of Young Workers

O'Higgins notes the UN standard definition of 'youth' as people who are aged 15-24. However, this varies due to cultural, social, and political factors, as in the case of different conceptions of youth in European and developing countries. On the other hand, UNESCO (2004) provides an alternative definition by describing youth as a life phase of transitioning from childhood to adulthood.

While there are many definitions of youth used all throughout the literature, the study would specifically look into workers aged 22-39 years. An average Filipino student, prior to the implementation of K-12 program, graduates and completes a four-year college degree at 20 years old, while those who are enrolled to science courses, like engineering and biology, completes the program after five years or at 21 years old. Adding another year for the preparation to enter the formal labor market like licensure exam review, licensure exam, and the actual job hunting, an average Filipino college graduate will most likely find a job and start working at the age 22, and would go job-hopping for the next five years or so, according to the study conducted by Future Workplace in 2012. Moreover, the study explains that 91% of Millennials (born between 1977-1997) expect to stay in a job for less than three years. The age limit was set to 39 years to accommodate more 'millennial' respondents.

1.3.2. Working Definition of Motivation

Victor H. Vroom (1964) defines motivation as a process that governs an individual's choices among alternative forms of voluntary activities. Therefore, individuals choose by estimating which among the alternatives and their expected results will match or lead to their desired results, also known as the valence. This illustrates that individuals expect that their effort will lead to intended performance or outcome.

1.3.3. Working Definition of Turnover and Attrition

The industry uses the word turnover and attrition interchangeably. They define attrition by using this formula: $[\text{Voluntary resigns of full-time employees in a calendar year} / (\text{Opening Headcount at the beginning of year} + \text{Closing headcount at the end of the year} / 2)] * 100$ (Vigroux, 2016).

1.4. Justification of the Study

While there is already an established problem in recruitment and selection, a bigger problem lies in employee retention. Industry data on attrition largely depends on exit interviews of employees resigning. While this may provide

good information, it may not be reliable because employees tend to hold back their real reason/s for leaving to prevent straining former professional relationships. They are therefore inclined to give reasons that are generally more polite or acceptable rather than the real one, which could be more serious than what is put on paper.

The research is not only concerned with identifying the reasons why young workers leave but to help identify ways to *develop a more sustainable and value-adding industry* (Ofreneo et al., 2007:554) by identifying factors that affect retention. This is in consideration of the fact that many young talented workers are encouraged to consider the IT-BPO as a career option. While programs are already in place to entice and prepare young workers to join the industry, an industry-wide retention program is necessary to ensure that resources that go into selection, hiring, and training, both from the government and the companies, won't go to waste. Moreover, the career track of future graduates is geared towards the industry's needs. It is therefore necessary to make it as a fulfilling choice to ensure sustainability and productivity.

Moreover, previous researches done (Ofreneo et al (2007); Asuncion (2008); Amante (2008); Domingo-Cobbarrubias (2012);) were focused on the call center industry. While contact or call centers account for the majority of the IT-BPO industry, it also has other sub-sectors that involve complex services and processes that greatly affect the dynamics of work and working conditions. These complex services now also require specific skill sets that are not covered in the previous studies. This study would therefore address those gaps and compare across sub-sectors. Additionally, the previous studies were delimited to the workplace and how it consequently affects their personal relationships, especially within their families. The research would also include their career prospects while in the industry, as well as their plans to permanently leave it.

1.5. Research Objectives and Questions

The primary objective of the research is to examine the experiences of young and relatively educated young workers in the IT-BPO industry. Specifically, it aims to determine the reasons of former IT-BPO workers for leaving the industry, despite having relatively higher pay compared to other industries. At the same time, the study will also identify the factors that affect those who decided to stay in the industry and examine their career prospects. The central research question that guides the study is:

- What are the determinants of employee retention in the IT-BPO industry?

The central research question can be broken down into the following sub-questions:

1. What is the primary reason for applying for an IT-BPO job;

2. How do IT-BPO employees perceive the nature of their job;
3. In what ways does their work affect their general sense of wellbeing;
and
4. What factors contribute to organizational commitment or their decision to leave/stay?

1.6. Structure of the Paper

Chapter one provided a general background of the study, statements of the problem justification for conducting the research, objective of the research and research questions. Chapter two presents relevant theories and concepts and how these are used to frame the research. It explains how human capital theory, and other concepts in motivation and retention affect employee's commitment to stay. Chapter three presents the strategies used in the study by explaining the methodology, describing the target population, instrument, data gathering procedure as well as data analysis. Chapter four provides background the IT-BPO industry in the Philippines as well as its issues and concerns. Chapter five present and discuss the findings of the study relative to the theories and concepts reviewed in chapter two. Finally chapter six gives a synthesis of the previous chapters by providing concluding remarks of the study based on the results and discussions presented.

Chapter 2

Theories and Concepts

The theoretical and conceptual framework used in this study was the human capital theory, employee motivation and retention theories, education, labour market, and development theories and concepts. This was in consideration that these theories and concepts explain how the lives of young people are constrained and/or improved by political, economic, social and technological changes that affect young peoples career prospects and choices.

5.13 Human Capital Theory

Human capital theory (e.g., Becker, 1993) provides an explanation for any employment-related inquiry. It argues that individuals invest in their own human capital through education and training with the end goal of deriving economic rewards and outcomes as a result of their acquired human capital. Lepak & Snell (1999) explains that this is demonstrated by the way organizations hire employees based on the human capital of applicants. Therefore, human capital theory explains that the labour market normally works by matching the employee's human capital and the job's required skills and education (McKee-Ryan, 2011).

The current Philippine educational system is gearing towards a revised curriculum to ensure global competitiveness. Students are now taught technical skills that are appropriate to the global standards of the labour market. Graduates are therefore hired and trained to fit the needs of the companies as college graduates are highly trainable. This could mean that their educational background may or may not be related to their current jobs. This is a reiteration of the findings of McGuinness (2006), Walker and Zhu (2005), and Ng & Feldman (2009) that overeducated individuals are predisposed to underemployment due to limited employment options. Moreover, due to limited opportunities in the job market, educated graduates turn to the IT-BPO industry as a stepping-stone to their prospective career paths. Noting that the industry offers relatively higher starting salary across all industries, young graduates see this an alternative rather than being unemployed. While this is true for young graduates, the industry also provides decent work opportunities for those who do not have a college degree. However, this further illustrates a loss to the graduates who have invested considerable amount of resources for their college education. Canlas (2016) notes that the demand for educated and skilled workers has been increasing, and this is observed in the ICT subsector. This phenomenon also widens the wage gap between skilled and unskilled workers. And from a policy perspective, this can be addressed by further investing in education to address income inequality despite the growth in the sector.

5.13 Theories on Employee Motivation and Retention

Several theories explain employee needs and motivations that serve as the basis for employee retention program. For this study, the following theories were used: Equity theory (1965); Expectancy theory (1964); and Herzberg (1959) two factor theory.

2.2.1 Adams' Equity Theory

Equity theory by Adams (1965), as the name suggests, deals with the individual's perception about how they are treated compared to others by maintaining equity between their input into the and the outcome that they receive in return. Inputs come in the form of education, effort, work experience, and dedication, while outcome can be in the form of salary increase, promotion, and recognition. The inability to find equity can lead to actions and decisions that eventually result to leaving the organization. The main idea of this theory is that all the other inputs combined should be recognized in order to find equity.

While the unit of analysis is the individual, it highlights the role of the organization, and how it affects the individual employee. This can explain what influences IT-BPO employees to compare their inputs to their contemporaries from other companies, in terms of salary and benefits for example, and eventually decide to leave to achieve equity between their inputs and outputs. This can also explain labour mobility within and outside the industry. However, there are also criticisms to this theory since it largely rests on the subjective comparison with others. Moreover, Beardwell et al, (2007) notes that there is a tendency for individuals to misrepresent or overestimate their inputs, especially in terms of effort, and make subjective comparisons.

2.2.2 Expectancy Theory

Another widely used theory to explain employee motivation and retention is expectancy theory (Vroom, 1964; Porter & Lawler, 1968; Lawler, 1973). The main idea of the theory is that individuals join organizations with a set of expectations and if these are met, they will stay with the organization. The theory explains the relationship between structural, psychological, and environmental variables. Structural variables include work environment, autonomy, and workload. Psychological variables include job satisfaction and organizational commitment. Finally, environmental variables include availability of job opportunities or career prospects. Critics like Lawler (1973) argue that Vroom's theory is too simplistic, limiting the motivation of employees to be productive due to rewards like a raise or promotion. All of these factors were considered in the analysis of the motivation of respondents to either leave their organization or stay.

2.2.3 Herzberg Two Factor Theory

Herzberg (1959) argues that there are job factors that lead to satisfaction while there are job factors that prevent dissatisfaction. Employees are motivated by internal values rather than external values at work. These factors are classified into two categories: hygiene and motivational. Hygiene factors are factors that are essential to the work that lead to motivation. These factors include pay or salary, work environment, benefits, and leadership to name a few. Moreover, these factors causes dissatisfaction and therefore should be eliminated. Motivational factors, on the other hand, lead to satisfaction from conditions intrinsic to the job like recognition, opportunity for growth, and responsibility among others. In other words, people show their dissatisfaction with salary, job security or organisation policy. However, improvement regarding these dissatisfying factors does not necessarily mean having satisfied employees.

5.13 Education, Labour Market, and Development Framework

Orbeta (2003) proposed a framework that shows the roles of the five agents, which are the government, households, education/training institutions, producers, and the external sector, and how the decisions of these actors affect the demand and supply of skilled and unskilled labor. This is summarized in figure 1.

Orbeta (2003) explains that the primary motivation of households in investing in education and participating in the workforce is future income prospects and personal wellbeing. Further, he notes that education does not only contribute to higher wages but also other non labor market benefits such as better quality of life. Education, therefore is both motivated by investment and consumption. Education entails costs such as tuition, transportation, and other allowances while in school, as well as indirect cost or opportunity cost measured by earnings lost by going to school instead of going to work. It also highlights the effect of labour force participation in schooling that is why these two are decided at the same time.

Education and training institutions decide in consideration of courses that companies demand to ensure revenues from enrollment. However, this will be largely affected by their ability to hire good professors, which is highly dependent on how much they would charge their tuition and other fees.

All of these decisions combined, the entire process produce both skilled and unskilled workers. Firms and/or producers decide on “*production volumes, pricing of outputs and hiring and input price offers*” (Orbeta, 2003:5). Production volumes are dependent on demand prospects, which is determined by product prices. Moreover, “*input hiring and price offer decisions, including those for skilled/unskilled workers, are dependent on the production volume and product pricing*” (Orbeta, 2003:5). Therefore, education-labor market outcomes are determined by factors within the sector as well as the general economic environment.

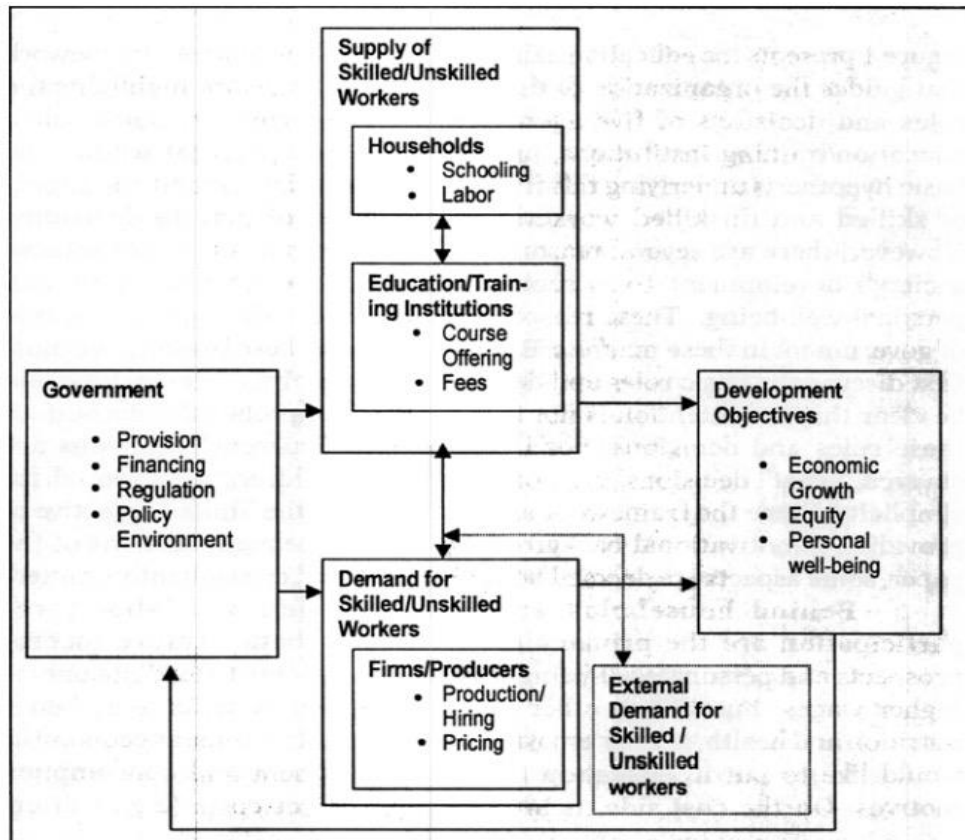


Figure 1. Education, Labour Market, and Development Framework

Source: Orbeta, Aniceto C. (2003). Education, Labor Market, and Development: A Review of the Trends and Issues in the Philippines for the Past 25 Years. Philippine Institute for Development Studies. p4.

The framework proposes that the demand for skilled and unskilled labor is the result of private decisions of these actors. In the event that these decisions do not lead to desired outcomes like economic growth, equity, and personal wellbeing, the government steps in. The government, in turn, will introduce interventions in the form of policies and regulations.

5.13 Conceptual Framework

The study came up with the the framework that relies heavily on Equity theory, wherein both intrinsic and extrinsic factors were identified as independent variables. Intrinsic factors include salary, work environment, superior-subordinate relationship, while extrinsic factors include career development, autonomy, recognition. These factors combined lead to decisions that affect employees' commitment to the organization. This is illustrated in figure 2. Relating it back to the education, labour market and development framework of Orbeta (2003), while personal wellbeing focuses in the individual, it is also the ultimate goal of every decision maker in the framework, so much so that it is considered to be parallel with economic growth and equity. While equity theory is directed to the individual employee, its effect on personal wellbeing and the ripples it create affect the entire system. These were explored in this study, as illustrated the development framework of Orbeta (2003.)

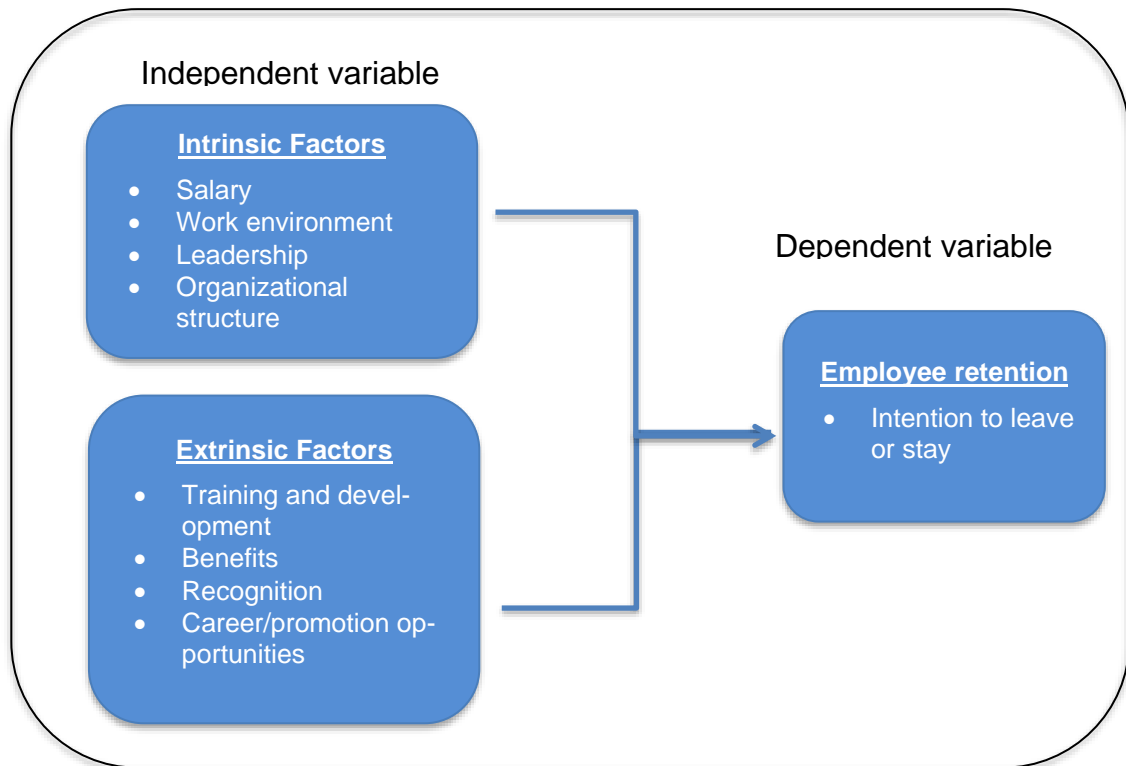


Figure 2. Conceptual Framework of the Study

Previous studies have highlighted high attrition rates in the IT-BPO industry, particularly in the contact center sector. This study also included other sectors like BPO and KPO that requires more complex skills and higher level of education. Recent studies have reported that there is a significant decline in the attrition rates, but still remain high according to industry standards. The study examined the factors that contributed to its decline.

Chapter 3

Methodology

The study used a mix of qualitative and quantitative approaches. For the quantitative approach, a total of 97 respondents was targeted. Target respondents are young workers from the IT-BPO industry in the 20-39 age group from IT-BPO companies in Metro Manila. While there are many definitions of youth used all throughout the literature, the study specifically looked into workers aged 20-39 years.

An average Filipino student, prior to the implementation of K-12 program, graduates and completes a four-year college degree at 20 years old, while those who are enrolled to science courses, like engineering and biology, completes the program after five years or at 21 years old. Adding another year for the preparation to enter the formal labor market like licensure exam review, licensure exam, and the actual job hunting, an average Filipino college graduate will most likely find a job and start working at the age 22, and would go job-hopping for the next five years or so, according to the study conducted by Future Workplace in 2012. Moreover, the study explains that 91% of Millennials (born between 1977-1997) expect to stay in a job for less than three years. However, the IT-BPO industry, especially call centers, hire workers as young as 18 years provided that they have some college education and have excellent communications skills. To account for job-hopping within the industry, as it has been noted to be common among IT-BPO workers, and all the other factors combined, the study accepted responses from respondents who are between 20-39 years old.

3.1 Sampling

The size is computed using a standard sample size formula

$$ss = \frac{Z^2 * (p) * (1-p)}{c^2}$$

where:

Z = Z value (1.96 for 95% confidence level)

p = percentage picking a choice, expressed as decimal (.5 used for sample size needed)

c = confidence interval, expressed as decimal (.10 = ± 10)

Moreover, 97 is the standard number of respondents at ± 10 confidence interval and 95% confidence level. This still holds true regardless if the population is too large or unknown. For this computation, 20%, the average annual industry attrition, of 1.2M FTE or 240,000 was used as population size.

The respondents were a mix of young workers who left the industry and those who are still currently employed but have tendencies of quitting. For this reason, respondents were chosen through snowball or chain-referral sampling. The researcher started from personal contacts and requested the initial respondents to forward the survey to their former colleagues and friends from the industry. This was done by sending the link directing them to the online survey form.

To supplement the quantitative data, a qualitative approach was used through in-depth interviews. The researcher interviewed one representative from each of the following government agencies:

- Department of ICT – the primary agency mandated to promote the IT-BPM industry, among other things;
- CHED – the primary agency mandated to oversee the delivery of higher education; and
- TESDA – the primary agency mandated to monitor technical vocational education & training in the country.

A representative from industry associations and an HR practitioner from an IT-BPO company were also interviewed. This is to obtain data and meaningful discussions on the initiatives of the government to address the issues and how the industry is responding to support these initiatives, and how they deal with the issue within their organization

3.2 Instrument

The online survey was created using [esurveycrator.com](https://www.esurveycrator.com). It is an online survey platform that supports educational institutions by offering its service for free with limited features. Aside from being free, this service provider was selected because the interface is easy to understand and use and the responses are updated real-time.

The survey has 25 close-ended questions and divided into three parts. The first part is composed of questions about the respondent's demographic profile. The second part is composed of questions referring to their experiences while in the industry. The third and last part is composed of questions that inquire about their likelihood of staying with the industry or organizational commitment.

The second part is further divided into two subparts. The first half was composed of questions about intrinsic factors of employment like their salary, work environment, and leadership/organizational structure. The second half is composed of extrinsic factor of employment like training and development, benefits, recognition, and career/promotion opportunities. The second and third part of the survey was a modified version of Dockel's (2003) list of factors that affect employee retention. A copy of the online survey is attached as Appendix A.

The online survey was launched last 5 October 2017 and was open until 3 November 2017. It was closed when the 97th respondent completed the survey.

An interview guide was used for the respondents from government agencies, IT-BPO companies, and industry association representatives. A copy is attached as Appendix B.

3.3 Data Gathering

The study used an online survey, considering the profile of the target respondents. IT-BPM workers, or young workers in the 20-39 age cohort in general, are almost always online either through their personal computers or their smartphones. Using an online survey is more practical for both the researcher and respondents due to time constraints. Most of IT-BPM employees work on shifts that changes on a weekly basis. This would mean that scheduling a face-to-face interview would be difficult given the limited amount of time. Also, the online survey would facilitate faster turnout of responses since they can complete the survey during their free time or whenever convenient. The use of an online survey also guarantees the respondent's anonymity compared to face-to-face interviews, which is also one of the main reasons why some refuse to participate. Most respondents feel reluctant discussing details about their work life. Moreover, a self-administered online questionnaire eliminates errors in encoding because the answers are recorded as the respondents complete the survey. It also eliminates the bias and errors in recording open-ended responses.

As for the interviews, a copy of the interview guide/questionnaire was sent to the respondents through email. They were requested to answer the questions and send the form back to the researcher. This was done to familiarize the respondents to the questions and give them time to look for relevant data to support/explain their answers the questions. The interviews were conducted between 15-28 October 2017, almost a week after the interview guides/questionnaire were sent through email. The interviews conducted were relatively short, lasting for 15-30 minutes each, since the questions were already answered and the interviews are for clarification purposes. This was done through phone or video-conferencing. Similar to the responses for the open ended questions, content analysis was used to process the answers. Their responses were used to validate and support the data from the survey. This will be done by discussing the experiences of the workers against the programs and policies of the government and the industry through their representatives.

3.4 Data Analysis

Responses from the online survey was processed and analyzed using descriptive statistics and frequency distribution tables and means. Standard deviation was also used to determine the variation of responses. Open ended responses was coded for emerging themes and processed using content analysis.

Chapter 4

The IT-BPO Industry of the Philippines

4.1 The Philippine Information Technology and Business Process Management (IT-BPM) Industry: overview of services provided and processes involved

The IT-BPM is a relatively new industry and it is virtually non-existent decades ago. Nowadays, almost every industry is largely dependent on technology. ICT-enabled services and BPM therefore include a variety of services and cover different sectors. Therefore, as technology continues to develop, so does the coverage of ICT-enabled services. Due to fast-changing nature of its services, it's difficult to create a standard global definition (Del Prado, 2015).

The Philippine of Trade and Industry (DTI) defines Business Processing and Outsourcing (BPO) as the “*delegation of service-type business processed to a third-party service provider*” (Shead, 2017). The IT-BPO sector in the Philippines is one of the country's fastest-growing industry (Cullimore, 2016). From 1,000 employees in 2000, it grew exponentially with 236,00 FTEs and generated a total of US \$3.4 billion in just 6 years. From 2006 to 2010, the industry recorded almost 30% compounded annual growth rate in revenues, making it a global center of excellence (DOST-ICTO, 2015).

The IT-BPM industry is broadly classified into two sectors: voice and non-voice. The voice sector is often is either labelled as 'call center industry', 'contact center industry' or 'customer service industry' due to the nature of substantial interactive communication with the clients or customers (Ofreneo et al., 2007). The non-voice includes data encoding, database development, market research, handling of credit and billing problems loan processing, account management, data search, architectural blueprints, engineering and design, health and benefits management, pension benefits management, stock and options administration, payroll, finance and accounting, and other business-related activities (Domingo-Cabarrubias, 2012; Ofreneo et al., 2007).

Moreover, Ofreneo et al. (2007) argue that although call center operators work usually at night to synchronize their time with North America and Europe while most BPO workers work at daytime, other BPO activities like insurance claims processing also involves a certain level of interactive communication. They are therefore required to synchronize their work time and handle interactive communication with clients. For this reason, the difference between voice and non-voice in terms of processes and time of work becomes ambiguous.

4.2 Growth throughout the years: revenues and FTEs

In 2013, the IT-BPM industry's revenue reached US \$16.1 billion which is around 11% of global market share from only 5% in 2006. For the same year, it generated more than 917,000 jobs (see Table 1). Out of this number, 64% works in the voice BPM sector while 19% belong to non-voice and knowledge process outsourcing (KPO) sector. KPOs include financial and business research, and emerging fields such as online learning, marketing, and analytics. The remaining 18% is from IT and software development, health information management (HIM), engineering, animation, and game development (IBPAP, 2014). While majority of employment is generated by the voice sector, non-voice complex services, such as banking and financial services, insurance, healthcare, media, engineering, and creative services are expected to grow as global demand doubles. The global demand for IT-BPM services was estimated to double in 2016 with US \$245 billion in revenues and 1.3 million FTEs (DOST-ICTO, 2015).

Table 1. IT-BPO Employment per Sector

IT-BPM segments	2013 FTEs
Voice BPM	586,000
Non-voice BPM/KPO	169,818
ITO	71,196
Healthcare information management	65,895
Engineering services	11,920
Animation	9,200
Game development	3,500
Total	917,529

Source: IBPAP, 2014.

Aside from revenues and direct employment, every job in the IT-BPO export industry creates an estimated 2.5 additional jobs (Mitra, 2011). Indirect job opportunities created by the IT-BPO include the following: construction, facility maintenance and security workers, transportation, telecommunication and other communication services, water, energy and other public utility services, hotel and travel industry, entertainment, retail trade, banking-financial services, education, health, domestic help and other social services.

Moreover, Mitra (2011) noted that the rapid growth of the IT-BPO industry translates to the rise in income generation and tax collections. The industry and its employees contributed around US\$ 1 billion in personal taxes in 2010. The bulk of the government tax collections from the industry and its employees come from employee's personal income tax, wealth and property tax plus VAT, sales, excise, stamp and registration revenue collections and various other taxes. Further, he estimates that the industry and its employees, together with revenues collected from indirect taxes, contributed US\$ 2.5 to 3.5 billion dollars in tax (Mitra, 2011).

4.3 Issues and Concerns within the Industry

4.3.1 IT-BPM Industry Skills Mismatch

In its white paper on finishing schools, Tholons (2012) listed samples of skill sets and academic disciplines that correspond to selected IT-BPM segments (Table 2). Technical skills are the skill sets, like programming for IT or 3D animation, required by a specific IT-BPM service line. On the other hand, soft skills are basic competencies required across all IT-BPM sub sectors and other professions in general. A study by IBPAP and ICTO in 2013 published the same results, highlighting the need for the soft skills such as critical evaluation, communication, motivation, self-reliance and teamwork, among others. These are the skill sets that both the government and private institutions are addressing through their talent development initiatives (DOST-ICTO, 2015).

Table 2. Tholon's sample list of skill set for IT-BPO Industry

Academic disciplines	Business (Economics, Accounting/ Public Accounting, Management/ Administration)			Information Technology (Computer Science, Computer Engineering)	Health (Nursing, Biology, Health Sciences)	
Segments	BPO	KPO	BPO	ITO	BPO	KPO
Process services	Contact support services	Business analytics	Insurance services	Infrastructure management services	Medical transcription	Health information management
Technical skills	<ul style="list-style-type: none">• Language capabilities (depending on the client market – English, Spanish, Portuguese, etc.)• Basic internet knowledge computer skills (e.g. MS Office applications)• Communication and listening skills• Attention to detail• Computer and related troubleshooting skills (for technical support)	<ul style="list-style-type: none">• Numerical competence• Verbal and report writing• Language capabilities• Basic computer skills (e.g. MS Excel and similar applications)• Orientation in business models and terms• Knowledge in particular industry scope	<ul style="list-style-type: none">• Numerical competence• Verbal and report writing• Language capabilities• Basic computer skills (e.g. MS Excel and similar applications)• Technical knowledge in insurance services• Familiarity in insurance processes	<ul style="list-style-type: none">• Proficiency in IT terms and processes• Proficiency in IT software• Number competence• Analytical skills	<ul style="list-style-type: none">• Medical terms and codes• High attention to detail• Analytical skills in processing details	
Soft skills	Employability and life skills: communication/fluency in English, analytical and problem solving skills, decision making skills, planning and time management skills, public speaking skills, confidence building, presentation skills, and interpersonal relations.					

Source: Tholons, 2012.

Source: Tholons, 2012 in DOST-ICTO Talent Deep Dive, 2015:9

One of the major concerns of the industry is the continued supply of talents to address the growing demand for IT-BPM services. Moreover, due to

the changing landscape brought about by advancements in technology, the services get more complex and require advanced skills to perform. Sue et al. (1998) describes this phenomenon as a “*changing complexion of the workforce*”. This means that technological advancements, increased global competitiveness, and consequently the work environment do not only affect the nature of work, it also affects the characteristics of the workforce. Further, Dockel (2003:9) notes that this change is characterized by a shift from a *labor-intensive industrial society* to an *automated information society*.

It has been previously mentioned that difficulty in finding applicants with the right skills is the main reason for the low hiring rate. The minimum qualification for a contact center agent is completion of 2nd year college. Industry reports reveal that while most of the employees are overqualified, especially for contact center jobs, most of them lack the necessary skills. This can be further illustrated by skills mismatch. According to Bird & Ernst (2009), IT-BPM employees are predominantly young (23-28 years), and 80-90% employees are college graduates. ILO (2014) defines skills mismatch as various types of imbalances between skills offered and skills needed in the world of work. It is classified into two types: vertical and horizontal mismatch. Vertical mismatch occurs when level of education or skill is less or more than required while horizontal mismatch is having skills and education that is inappropriate for the job (see Table 3). Various forms of mismatch have always been a concern in the labour market for both developed and developing economies because the supply and demand for skills is largely affected by the general composition of the population, technological advancements, and the socio-economic state of the country.

Skills mismatch largely affect economies and the labour market, which in turn affects economic productivity, growth, and competitiveness (see figure 3). It is therefore necessary to implement enabling policies that facilitate the creation of education and training systems that respond to the needs of the labour market. This would entail collaborative efforts among stakeholders like the government, educational institutions, communities, non-government organizations, and private sector to support an economy that facilitates job-creation and supplying the necessary talent through training and education (ILO, 2014).

Table 3. Types of mismatch and theoretical explanations

Type of skill imbalance	Definition	Level of analysis	Why does it emerge? (demand or supply factor)
Skill shortage	Arises when employers are unable to recruit staff with the required skills in the accessible labour market and at the ongoing rate of pay	Aggregate, occupation	Adjustment lags of firms (skill demand); Wage rigidities (skill demand); Adjustment lags of education system (skill supply); Lack of geographical mobility (skill supply); Imperfect information for students on which skills to acquire (skill supply).
Skill Mismatch	A <i>Skill deficit (skill gap)</i> signals the inadequacy of a worker's skills relative to the requirements of his/her job. <i>Skill underutilisation (over-skilling)</i> points to the opposite phenomenon whereby a worker's skills exceed those required by his/her job	Individual	Adjustment lags of firms (skill demand); Wage rigidities (skill demand); Adjustment lags of education system (skill supply); Frictions in matching process (skill demand and supply).
Qualification mismatch	<i>Over-qualification</i> arises when a worker has more qualifications than required by his/her job. <i>Under-qualification</i> arises when a worker possesses less qualifications than required by his/her job	Individual	Same as skill mismatch; Skill heterogeneity within qualification groups (skill supply); Imperfect information on the applicants' skills (skill demand and supply).

Source: Organisation for Economic Co-operation and Development, in Quintini (2011). p8.

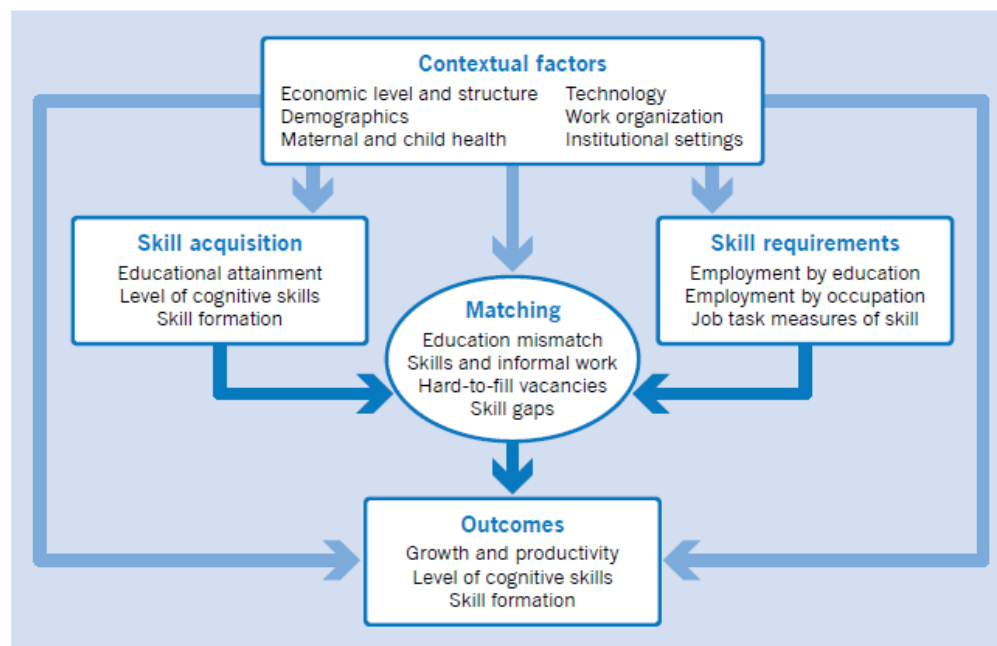


Figure 3. Economic context of skills mismatch

Source: ILO, 2014. p6.

4.3.2 High Attrition Rates

According to the Contact Center Association of the Philippines' (CCAP) Annual Report (2011), manpower and recruitment remains to be the biggest challenge in achieving their annual FTE target. The contact center industry is one of the biggest contributors to the country's Gross Domestic Product (GDP), comprising 80% of the total Information Technology and Business Process Management (IT-BPM) industry, with a total of US \$16.1Billion worth of revenues in 2013, next to Overseas Filipino Workers (OFW) remittances (DOST-ICTO, 2015). Despite the fact that the industry offers significantly higher-paying jobs, it is still struggling to fill the gap of the talent-supply demand. According to Ofreneo et al. (2007), the average salary in the industry is twice to thrice the statutory minimum wage, while high-performing telemarketers can earn 4-5 times more with bonuses. Also, the contact center industry consistently record high attrition rates compared to other major industries with 60% company attrition, 20 % leave industry each year (IBPAP, 2014). Ofreneo et al. (2007:540) observes that most of them stay up to two years at the most while some last only two months. Further, he notes that this implies that "*agents do not consider their work a career*".

4.3.3 Talent Development Initiatives

The government, in partnership with the industry associations through public-private partnerships (PPPs), developed talent development programs to address the issues on talent supply. The Philippine government, through the Department of Budget and Management (DBM), allocated US \$12 million for the Industry-based Training for Work Scholarship Program (I-TWSP) under TESDA. The program offers scholarships for industry-approved courses on animation, software development, medical transcription, and voice. According to industry data, seven out of 10 I-SWTP scholars get employed. As of 2012, the program was able to train a total of 41,000 scholars, 20,000 of which were successfully hired.

Improvements were also introduced in existing training and educational programs. It has been expanded to cover 100,000 students and 8,000 teachers and trainers. The 8,000 teachers and trainers are estimated to teach 50,000 more students after certification. In addition, CHED launched the 21-unit Service Management Program (SMP) course jointly developed by the industry and the academe (DOST-ICTO, 2015). The following programs are the higher education-based interventions introduced by the industry associations and the government:

- Global Competitiveness Assessment Tool (GCAT) – an online test to assess the skill and gap areas that will be used by schools and companies in designing and creating interventions;
- Service Management Program (SMP) - Mandated by CHED and designed by IBPAP composed of 21 units geared towards the specializa-

tion of business administration and IT college students who plan to work for the IT-BPM and global in-house center (GIC) industry; and

- Advanced English Pre-employment Training (AdEPT), a two-week crash course to improve English proficiency of university students and employees already in the industry.

There are other programs and initiatives being developed to strengthen the capacity building PPPs. These include the development of e-learning programs and courses for corporate services and other specialized fields. The industry, through its associations, is also working on promoting the career options in the IT-BPM industry. Their career marketing initiatives focus on the choice to work in the industry rather than going abroad called “Work Abroad, Live Here”. This is done by promoting the opportunity of working for multinational companies without having to leave the country. This is heavily advertised by the industry through print, online, and other media campaigns. The government, through the DOST-ICTO, is also promoting the industry through roadshows in the Next Wave Cities or potential locations and sources of talent other than Metro Manila and Cebu. They conduct orientation and forums among students and members of the academe to discuss the trends and opportunities in the IT-BPM industry.

4.4 Education in response to Globalization

Commission on Higher Education (CHED) Chairperson Licuanan said that the role of higher education in the Philippines is to *expand and enhance career and life choices and chances of individuals*. Specifically, it is *an instrument for poverty alleviation, human capital formation and technology driven national development & global competitiveness* (Licuanan, 2014).

The Philippines, together with Angola and Djibouti, is one of the last three countries that have a 10-year pre-university education system among 155 member countries of the United Nations Educational, Scientific and Cultural Organization (UNESCO). This prompted stakeholders to push for reforms in its educational system for the past few years. In 2012, then-President Aquino implemented the K-12 program. The primary objective of its implementation is *‘to decongest the curriculum, prepare the students for higher education, prepare the students for the labor market, and to comply with the global standards’* (Department of Education, 2010). The program now requires Kindergarten and an additional two years for Senior High School.

The Commission on Higher Education (CHED) is the primary government agency mandated to oversee the operation of higher education system in the Philippines provided by both private and public institutions. As of the 2013-2014 academic year data, there are a total of 1,923 higher education insti-

tutions in the Philippines. Out of this number, 88% or 1,699 are private institutions. The remaining 12% or 224 are public institutions, excluding 451 State Universities and Colleges (SUCs).

For the same academic year, there are a total of 3.56M registered students, 2.02M (57%) are from private institutions while 1.54 (43%) are from public colleges and/or universities. Majority of those enrolled in higher education are in the National Capital Region (NCR).

Undergraduate programs are classified into STEAM and non-STEAM courses. STEAM stands for Science, Technology, Engineering, Agriculture, and Math programs and only comprises 17.5% on the total enrolment in 203-2014 academic year. Majority (82.5%) of the total enrolment in 2013-2014 academic year are from the non-STEAM programs that include Arts and Humanities, Business Administration, Social and Behavioral Sciences, Education and Teacher Training, Medical, and other programs.

With the implementation of K-12, the technical vocational education & training (TVET) track has been strengthened through the Technical Education and Skills Development Authority (TESDA). After finishing Grade 10, a student can obtain Certificates of Competency (COC) or a National Certificate Level I (NC I). After completing Technical-Vocational-Livelihood track in Grade 12, a student is eligible for National Certificate Level II (NC II) after successfully passing the assessment of TESDA.

The major change in primary and secondary curriculum, as well as the strengthening of TVET programs, is in response to the global demand for talent with advanced skills, which is now a prerequisite by employers due to technological advancement and competitiveness. The old curriculum focuses on achieving functional literacy while the K-12 curriculum aims for a more holistic development and obtaining 21st century skills. This is also in line with the human capital development thrust and national development initiatives through technology of the former administration.

McLaren (2002) explains that a country benefits when young people grow up to be healthy, well-educated, skilled and employable, honest and law-abiding citizens, who in turn become responsible parents. This has prompted families and governments to heavily invest on human capital development programs, specifically in higher education. This in turn created a sudden increase in the number of young people graduating from higher education. Trow (2005) calls this a shift from elite mass to higher education systems.

While this can be viewed positively, the phenomenon has invited criticisms. The capacity of the labour market to absorb the pool of graduates became the subject of inquiries of several authors (Brint, 2001; Brown and Heslath, 2004; Livingstone, 1998; Sutherland, 2008). Moreover, the phenomenon has led to the predisposition of these graduates in situations of underemploy-

ment due to the nature of limited employment opportunities available (McGuinness, 2006; Walker and Zhu, 2005). Ng & Feldman (2009) further explains that as the average education of workers increases, workers are more likely to experience underemployment.

While a number of research establishes that underemployment is also experienced by other groups like individuals nearing retirement age and ethnic minorities (Feldman, 1996; Ruiz-Quintanilla and Claes, 1996), the focus would be on young adults due to the high levels of investment made by individuals, organizations and societies in this group (Scurry & Blenkinsopp, 2011).

Educational attainment is one of the primary drivers of a region's income and economic growth. Recent research (Berger and Fisher, 2013) shows that regions with a well-educated population experience greater growth in per capita income. In 2012-2013, a total of 12,626 CPAs, 71,939 nurses, and 29,712 engineers nationwide passed the licensure examinations of the Professional Regulation Commission of the Philippines (PRC) (PRC, 2014). However, according to World Development Indicators, out of the out of the 15% youth unemployment in 2015, more than half or 8.5% have advanced degrees.

Chapter 5

Results and Discussion

5.1 Respondent's Demographic Profile

The first part of the survey is composed of questions about the demographic profile that include the respondent's age, gender, marital status, level of education, and housing. A summary of the data is provided in Table 1. Their demographic data is cross-tabulated with questions from other parts of the survey. These will be further explained as we move forward with the discussion.

Table 4. Summary of Respondent's Demographic Profile

	(N = 97)	
	n	%
Age		
20-24	10	10
25-29	35	36
30-34	44	49
35-39	8	8
Gender		
Male	41	42
Female	50	52
Others (Gay, Bisexual)	6	6
Civil Status		
Never Married (Single)	80	80
Married/With Domestic Partner	14	14
Separated	3	3
Highest Degree Completed		
Vocational	2	2
Some College (1 or more years of college, no degree)	23	24
Bachelor's Degree (BA, AB, BS)	61	63
Master's Degree	8	8
Professional Degree (MD, DDM, DVM, LLB, JD)	3	3
Housing		
Owned	13	13
Living With Parents	52	54
Rented	32	33

* Values used for discussion are rounded up/down to report whole numbers

Almost half of the respondents or 49% are from the 30-34 age bracket. This can be attributed to the fact that the researcher is around the same age and the initial respondents were personal contacts. Naturally, the other respondents would forward the survey to their colleagues and contemporaries. More than a third or 36% of the respondents are from the 25-29 age bracket, followed by 10% from 20-24 and 8% from 35-39 age group. The oldest respondent is 39 while the youngest is 20 years old. The mean age is 29.5.

Out of the 97 respondents, majority or 52% were female while 42% respondents were male. This is consistent with the earlier research by Cabrera-Balleza (2005) and Pineda Ofreneo (2005) in the Philippines and Belt et al. (2002) from other parts of the world. The other 6% identify themselves as either gay or bisexual. It is notable that there are a considerable number of LGBT workers in the industry who decide to be open about their sexual preference or orientation. This is also consistent with the observation that the industry is more open and accepting of the members of the LGBT community. Aside from providing new work arrangements with the use of technology, the industry also provides a safe space for the members of LGBT by being more tolerant and accepting of their sexual presentation and identity. Industry association representatives and HR practitioners describe IT-BPO employees in general to be younger and more open-minded compared to their older counterparts. This facilitates the cultivation of a more tolerant and open workplace. IT-BPO companies also promote a more progressive attitude and culture in the workplace towards sexual orientation and gender identity expression or SOGIE. Some even allow their employees who identify themselves as LGBT to register their partners as eligible beneficiaries/dependents/recipients of their company's health and wellness benefits. Most companies only allow immediate families and spouses to be registered as beneficiaries or dependents. Members of the LGBT community are at a disadvantage because same-sex marriage is not legal in the Philippines. The fact that IT-BPO companies can relax this rule attracts several members of the LGBT community.

Majority or 83% of the respondents are single or never married while 14% are either married or with a domestic partner, 3% are separated. Most of the respondents or 63% have completed a Bachelor's degree while 24% have completed at least 1 year of college. A total of 8% of the respondents have completed their Master's degree (MA) while 3% have professional degrees, and 2% have vocational diploma. This is not surprising since most of the jobs available in the Philippines require a college degree as a minimum requirement. With that, those who do not have a college diploma find it difficult to find a decent job. Most of them would end up taking any type of job regardless of its quality. However, it is also notable that the industry welcomes applicants with at least some years of college education. This gives undergraduate job-seekers a fair chance of having decent jobs and, provided that they have the right skills and attitude.

HR practitioners and industry representatives notes that employees who don't have a college degree are more inclined to work harder than their college graduates counterparts as they highly value the opportunity of having a job despite being an undergraduate. They also note that these employees are aware that no other industry would be able to provide the same working conditions and benefits. This results to a positive outlook towards work and have low tendencies of quitting.

When asked about their housing, more than half or 54% of the respondents said they still live with their parents, which is typical of a Filipino household. Adult children continue to live with their parents, sometimes even after marriage, to help them save on rent and other expenses associated in living alone. Moreover, Filipino families are tight-knit. Working adult children who live with their parents are also expected to help contribute to household expenses. The role of families will be further discussed later on, especially its effect on job search and work-life balance. About a third or 33% said they are renting while 13% said they own their current housing.

5.2 Work Experiences in the IT-BPO industry

5.2.1 Reasons for leaving the industry

Moving to the second part of the survey, the respondents were asked if they are currently working for the IT-BPO industry. This is to filter those who have permanently left the industry to those who decided to stay. Table 5 summarizes the number respondents who left the industry together with their reasons. Majority of the respondents or 68% said yes while the remaining 32% have left the industry for good. The 32% who left the industry were further asked for their primary reason for leaving the industry. Almost half, or 48% of the respondents said they left the industry for professional and personal growth. This was followed by 36% saying that they found work that is more related to their training and educational background. Stress, burnout, and other health issues were identified by 10% of the respondents as the primary reason for leaving the industry while 6% said that they had to quit to pursue/continue their education.

Table 5. Summary of the number of respondents who still work in the industry and the reasons of those who left

	(N = 97)	
	n	%
Are you currently working in the IT-BPO industry		
Yes	66	68
No	31	32
What is your primary reason for leaving the industry?	(n = 31)	
	11	35
Found work that is related to my educational background	3	20
Stress/burnout/health issues	15	48
Personal/professional growth	2	7
Education		

5.3 Employment in the Industry

Out of the 32% who left the industry, 39% were from the Back Office sector followed by 32% from the Contact Center. More than a quarter, or 26% were from the KPO sector while the remaining 3% were from HIM. When cross tabulated with age, the respondents fall within the 25-32 age bracket. This was also cross-tabulated with educational attainment, wherein 64% were college graduates, followed by 23% with MA. The remaining 13% were respondents with some college education. This can be attributed to those who resigned to finish their college degrees. The cross-tabulated data is summarized in Table 6.

Table 6. Summary of cross-tabulated data with demographic profile

	Are you currently working in the industry?				Total 97
	Yes (N = 66)		No (N = 31)		
	n	%	n	%	
Sector					
Contact Center	28	42	10	32	
Back Office	15	23	12	39	
ITO	10	15	1	3	
HIM	4	6	--	--	
KPO	8	12	8	26	
Age					
20-24	7	10	3	10	
25-29	20	30	15	48	
30-34	31	47	13	42	
35-39	8	12	--	--	
Gender					
Male	30	45	11	36	
Female	31	47	19	61	
Others (Gay, Bisexual)	5	7	1	3	
Civil Status					
Never Married (Single)	52	80	28	90	
Married/With Domestic Partner	22	16	3	10	
Separated	3	4	--	--	
Highest level of education completed					
Vocational	2	3	--	--	
Some College	19	29	4	13	
Bachelor's degree	41	62	20	64	
Master's degree	1	2	7	23	
Professional degree	13	4	--	--	
Housing					
Owned	9	14	4	13	
Living With Parents	35	50	19	61	
Rented	24	36	8	26	
Length of Service in the IT-BPO Industry					
Less than a year	3	5	10	32	
1-2 years	6	9	14	45	
3-5 years	16	24	4	13	
More than 5 years	41	62	3	10	

Surprisingly, the most number of permanent resignations from the industry were not from the contact center but from the back office. It is not surprising though among highly-educated young workers, especially those with MA. All of the respondents, except one, who have MA, left the industry after two years in the industry. Out of those who left with MA, more than half or 57% said that their primary reason for leaving is to seek personal and professional growth elsewhere, while 29% said that they found another work that is more related to their educational background.

The result is consistent with the discrepancy theory wherein employees exhibit negative outcomes when they experience a 'discrepancy' (McKee-Ryan & Harvey 2011). In this case, the respondents have different educational background or skill set required in the actual job requirement that lead to their resignation. From a human capital theory perspective, employees use their formal education and training to expand their options in their search for better positions and income (Becker, 1993). Further, Jeffrey et al (2008) argues that while education plays a huge role in transforming lives, it doesn't guarantee employment that is suitable for an individual. Moreover, they explain that the greater options and opportunities that education provides is largely dependent on the society's culture and power. In the context of the Philippines, there are several educated young people who are unemployed. This is due to skills mismatch that was previously discussed in the earlier chapters. Most of them also don't have the resources to use their skill for self-employment or startup entrepreneurial venture.

Regardless if the respondent is still working or has left the industry, the next set of questions were asked regarding their experiences in application, recruitment and training in their respective organizations. The ones who left the industry were given specific instructions to refer to their previous experience as an IT-BPO employee to be able to answer the questions. This is to have a uniform assessment of their experiences as IT-BPO employees.

The respondents were asked which sector does their organization belong. Most of the respondents or 40% work for contact or call centers. This is not surprising since industry data report that 64% of the IT-BPO industry is composed of contact centers. This was followed by 28% from the Back Office sector. Back office or business processing usually includes administrative processes like HR/payroll and accounting. Knowledge Process Outsourcing or KPO workers make up 17% of the respondents. Their jobs vary from market research, marketing, advertising, legal, and education. These are considered to be high value jobs because that require certain knowledge and skills as well as educational background or training.

The KPO sector is projected to grow in the next years due to the increasing popularity of research and outsourcing business-related activity that is part of a company's value chain. IT Outsourcing has 10% of the total respondents. Their jobs include software, application, and game development. The remaining 5% are from health information management sector. Figure 2 summarizes the distribution of respondents per sector.

Distribution of Respondents per Sector (N = 97)

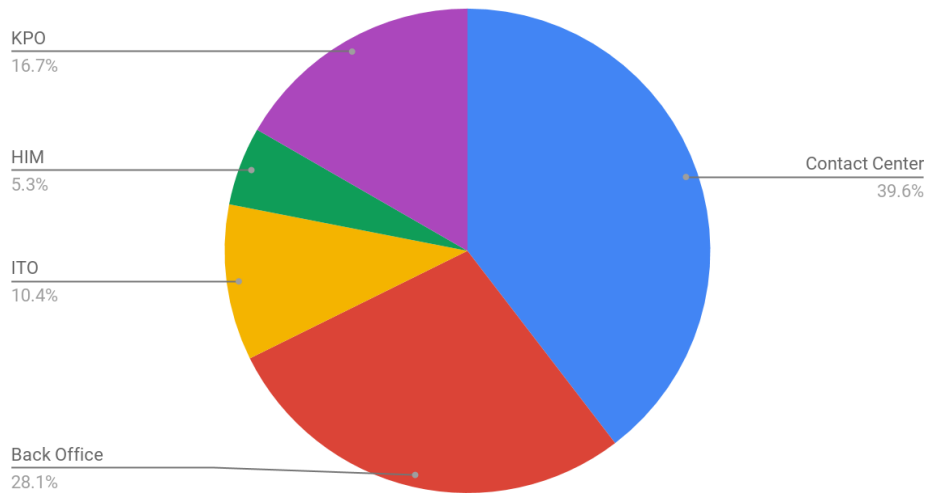


Figure 4. Distribution of Respondents per Sector

The distribution of respondents is consistent with the total share of the sectors in the industry in terms of full time employees.

5.4 Application, Hiring, and Training

The respondents were then asked about the status of their employment. Majority of the respondents or 86% are permanent while 8% were contractual employees. The rest are probationary with 3% and 2% are consultants while 1% is project-based. Table 7 summarizes their employment profile. The Philippine labour code mandates that an employee becomes automatically permanent after six months of satisfactory performance while under a contract.

Table 7. Summary of employment profile of respondents

	(N = 97)	
	n	%
Employment Status		
Permanent	83	86
Contractual	8	8
Consultant	2	2
Probationary	3	3
Project-based	1	1
Length of Service in the IT-BPO Industry		
Less than a year	13	13
1-2 years	20	21
3-5 years	20	21
More than 5 years	44	45
Level in the Organizational Hierarchy		
Top Management	1	1
Middle Management	10	10
Supervisor	26	27
Staff/Employee	60	62
Gross Monthly Salary		
P16,000-P20,000	14	14
P21,000-P25,000	23	24
P26,000-P30,000	9	9
More than P30,000	51	53
Primary Reason for Applying for a Job in the Industry		
The job is interesting	9	9
Relatively high salary	53	55
Good promotion/Career prospects	3	3
Benefits (Health, Insurance, Allowances etc.)	7	7
Flexible work arrangements	9	9
No other job opportunities available	16	17

However, according to interviews with an industry association representative and HR practitioner in the IT-BPO industry, employees have the tendency to resign from work after getting their bonus or 13th month pay a few weeks before Christmas. This practice is especially common in the contact center sector, given the fact that they always fall short on FTE targets. They have labelled this phenomenon as “call center-hopping”. This contributes to the high attrition rates in the industry. While some of them permanently leave the industry, most of them would just apply for another similar or even higher position in another company within the industry. Industry representatives and HR practitioners even call this a lucrative activity for ‘expert hoppers’ since some companies offer signing bonus equivalent to a month worth of salary.

Another problem about this phenomenon is the costs associated to repeated recruitment, selection, and training. The industry as well as the government spend considerable amount of resources to address this problem. Industry data reveals that some employees leave as early as 3 months after getting hired. During this time, workers start to become proficient with their jobs. Trainings usually last between 2-6 weeks. At 3 months, an employee has already been able to complete a number of cycles in the work process, exposing them to different that require decision-making skills. By this time, they can already gain enough training and experience to become effective members of their teams. Most of the respondents who left the industry or 45% left after 1-2 years in the industry while 32% left after less than a year.

While they recognize this problem within the industry, they admit that they cannot stop agents from leaving their organization to seek better opportunities in other companies. Recognizing that this is not illegal, they somehow think that this is unethical. However, they also understand the need to fill up positions within their respective organizations so an applicant with skills and experience is a most welcome addition to their manpower. For this reason, companies have become more creative in their hiring and selection process. Some companies have promoted hiring more mature employees who are less prone to ‘hop’. The same can be also observed among younger workers who have no work experience. This is validated by the variety of age of the respondents wherein the youngest respondent is 20 while the oldest is 39.

This continuous process of recruiting, selecting, hiring, and training of employees increase the mobility of workers within the industry. This has also pushed for the increase of salaries as companies compete for the already limited talent pool. The salary of the respondents will be further discussed later on in more detail.

When asked about their position within their organization, 62% are staff followed by 27% who are supervisors, 10% are part of the middle management while 1% belong to the top management. When asked about their monthly salary, more than half, or 53% said that they receive more than 30,000 pesos while 9% get around 26,000-30,000 pesos a month. Almost a quarter, or 24% receive a monthly salary between 21,000-25,000 while the remaining 14% belong to the 10,000-15,000 pesos monthly salary bracket. A summary of the distribution of respondents per monthly salary is shown in figure __. The minimum daily wage in the Philippines is 512 pesos. That translates to around 10,000 pesos a month. The monthly salary of an IT-BPO employee is significantly higher than the national average, where some even earn more than three times. This validates previous studies that IT-BPO job pay more than the national average. It was also named one of the reasons why some of them considered applying to

Those who receive more than 30,000 pesos are spread among all the sectors. Most of them or 35% belong to contact centers followed by 24% from the back office sector. ITO and KPO have 18% and 16% shares respectively while 6% are from HIM. It has been previously discussed that these sectors are high-value jobs and require more complex knowledge and skills. When cross-tabulated with housing, most of the respondents or 45% who earn more than 30,000 pesos still live with their parents. As previously mentioned, this is normal among Filipino households. Adult children still live with their parents even if they can obviously afford to rent or buy their own place.

When asked about the primary reason why they applied for an IT-BPO job, majority of the respondents or 55% consider the salary to be relatively higher than the average rate. This was followed by 17% saying that they applied because there are no other job opportunities available. Out of this number, half or 50% eventually left the industry to pursue jobs that are more in line with their educational background. Other reasons for applying were flexible work arrangements (9%) and they consider the job to be interesting (9%). Benefits like signing bonus, allowances, and health insurance as well as good promotion or career prospects were also among the reasons with 7% and 3% respectively.

When asked about how they learned about the job opportunity, most of them or 43% found about the vacancy through families and/or friends while 24% were through referrals from employees who are already in the industry. This is probably due to the fact that companies encourage referrals by giving a referral incentive. This could go as high as 10,000 pesos for every successful referral. Online advertisements and job portals also serve as source of information for vacancies with 21% of the total respondents. Other sources include job fairs and advertisement from education or training institutions with 10% and 2% respectively.

The data is consistent with the interviews from representatives of the government and industry associations that prospective talents are not fully aware of the career options in the industry. Though there have been significant efforts and initiatives from the government and industry to promote the many career opportunities through job fairs and trade shows, it was only identified by 10% of the respondents. Young workers still tend to rely on their family and friends on their career choices and confirms Gillies' (2000) findings that young people rely on family members and their network to have access to jobs. Though this might be considered similar to referrals, relatives and friends only serve as the source of information and do not necessarily benefit from them being hired in the process. Referrals can be differentiated by being actively recruited and persuaded with the intent to gain referral bonus, among other things. However, those who found work through job advertisements online and job fairs combine for a total of 31% or a third of the total respondents. This can be viewed as a good sign because those who used these facilities are actively looking for work within the industry, rather than rely on being actively pursued by recruiters or employers. This means that there is a growing interest among young workers and starting to consider the IT-BPO industry as a career destination.

When asked about their experience regarding training, 64% said that they have you completed or are you currently attending any training or program skills development courses, either on line or in person, for the past 12 months. The rest, or 36% said no, but out of this number, 43% are attending college or university courses. When asked if they have attended or attending university, 35% said yes. In other words, almost all the respondents have acquired training and skills development and/or pursued advanced studies while employed in the industry. When asked about their primary reason for acquiring training and/or pursuing advanced studies, 32% said they need it for their current employment. Both promotion and future employment came in second and had a 24% share each while 4% said that they did it for personal/professional growth or enrichment. A total of 16% said that they did not undergo training or pursued advanced studies, or not applicable in the questionnaire options. However when checked against their previous answers, some of them answered yes on training while some answered yes on advanced studies, making this data problematic and will be dropped from the discussion.

Most of those who underwent training are from the contact center with 45%. This can be attributed to the fact that contact center employees follow a strict demeanor when handling calls. They also undergo training on neutralizing their accent or imitating the accent to which their accounts belong to (ie British/American English). This confirms Ofreneo's (2007) findings wherein agents are trained to repeat scripted responses for every specific query. Aside from grammar and mastery of the English language, typing is also a crucial skill in the IT-BPO industry.

Most of the processes are documented real time with their computers using standard forms that is automatically loaded in the system. Employees are also trained to use the company's programs or softwares used for the day-to-day operations.

Employees from other sectors said they also received training or have pursued advanced studies for their current employment. Both Back Office and ITO had 19% each, 10% from HIM, and 7% from KPO. This question specifically aims to bring out the manifestations of skills mismatch in the industry and what is being done by both the companies and the individual about it.

This validates the interviews conducted among representatives of the government on the programs and initiatives that target the shortage of talent and skills mismatch. While employers consider potential employees with at least some college education to be highly trainable, they still lack soft skills, as identified by Tholons (2012). This is consistent with the survey findings where most of the respondents who underwent training were from the some college and college graduate group with 90% combined. Traditional or formal school teaches and equips students with technical skills. Soft skills, on the other hand, are acquired or developed mostly on the job. Some companies do this by incorporating simulation trainings to develop problem-solving and critical thinking skills. This is on top of the general training on systems and programs that is essential in operations. When cross-tabulated with other demographic data, 90% are still working in the industry and 77% earn more than 30,000 pesos. Therefore, skills mismatch is addressed within the industry by making new hires undergo training or skills development to prepare them for a seamless integration in the organization. The data also validates that those who underwent training or skills development stay within the organization. Going back to their reasons for acquiring training and pursuing advanced studies, promotion and mandatory training for current employment when combined forms majority or 56% of total responses. Relating it to Lawler (1973) and Locke's (1969) Discrepancy Theory, employees exhibit negative outcomes when there is discrepancy in terms of skills set or education against the job requirements. In order to override the discrepancy, companies and even individuals acquire training that equips them with the necessary skills to effectively perform their jobs. This leads to positive outcomes like employee productivity, which later on leads to commitment to stay.

5.5 Employee's General Well Being and Commitment to Organization

The third part of the questionnaire focuses on their assessment of their general well being and different aspects of work such as leadership, compensation, job characteristics, career development, work-life balance, and commitment to organization. This is summarized in Table below.

Table 8. Summary of self-rated general wellbeing

	Very Dissatisfied		Dissatisfied		Neither dissatisfied nor satisfied		Satisfied		Very Satisfied			
	1		2		3		4		5			
	(1)	(2)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±
Career wellbeing: Work environ...	4x	4,12	6x	6,19	14x	14,43	52x	53,61	21x	21,65	3,82	0,98
Social wellbeing: Personal relati...	3x	3,09	4x	4,12	7x	7,22	65x	67,01	18x	18,56	3,94	0,84
Financial wellbeing: Managing yo...	2x	2,06	6x	6,19	12x	12,37	57x	58,76	20x	20,62	3,90	0,87
Physical wellbeing: Good health ...	2x	2,06	9x	9,28	13x	13,40	63x	64,95	10x	10,31	3,72	0,85
Community wellbeing: Engageme...	1x	1,03	9x	9,28	25x	25,77	54x	55,67	8x	8,25	3,61	0,81
Emotional Well-being: Daily exp...	2x	2,06	9x	9,28	15x	15,46	63x	64,95	8x	8,25	3,68	0,84

For their self-rated subjective wellbeing, the respondents were asked to rate their career, social, financial, physical, community, and emotional wellbeing using a five-point likert scale from very dissatisfied to very satisfied, where 1 is equivalent to very dissatisfied while 5 is equivalent to very satisfied. To qualify what aspect of their wellbeing is being measured, examples were given for each factor. For career wellbeing, factors such as work environment was given as an example. The average rating for career wellbeing is 3.80 with a 0.98 standard deviation. Majority of the respondents are generally satisfied with their career wellbeing with 76% while only 10% were dissatisfied and 14% are neither satisfied nor dissatisfied.

As for social wellbeing, the average rating is 3.94 with a standard deviation of 0.84, wherein 86% said they are satisfied while only 7% are dissatisfied, and 7% are neither satisfied nor dissatisfied. Social wellbeing refers to their personal relationships. It is has the highest average rating among all the factors of general wellbeing. This can be attributed to the fact that many of them still live with their parents and/or families. Flexible working conditions also contribute to their satisfaction with their social wellbeing. This come in the form of shifting work schedules, which can also have negative effects, the possibility of working remotely or from home, and having output-based employment instead of an eight-hour daily work. This gives them more time to spend with their immediate families and prioritize family milestones like anniversaries, graduations, and birthdays to name a few. While only a few of them identified it as their primary reason for joining the industry, because higher pay relatively

outweighs all other factors, they consider this one of the benefits in working for the industry.

As for financial wellbeing, it has the next highest average rating with 3.9 and a standard deviation of 0.87. This is qualified by being able to manage the respondent's economic life to reduce stress and increase security. Most of the respondents are satisfied with their financial wellbeing with a total of 80% while 8% are dissatisfied and 12% are neither satisfied nor dissatisfied with their financial wellbeing. As previously discussed, IT-BPO employees can earn as much as triple the minimum wage. It is not surprising that they have rated their financial being high as they consider themselves well-compensated. This also emerged as the primary reason of the majority of the respondents in joining the industry, as previously discussed. A total of 75% of the respondents are satisfied with their physical wellbeing while 11% are dissatisfied and 14% are neither satisfied nor dissatisfied. The average rating is 3.72 with a standard deviation of 0.85.

Physical wellbeing refers to good health and having the energy to get things done daily. This is contrary to the findings of previous studies which highlights health issues among IT-BPO workers, and also identified stress and burnout as one of the reasons of high attrition rate in the industry. High satisfaction on their physical wellbeing can be attributed to several health and wellness programs provided by IT-BPO companies. Most of them have in-house gym facilities within their buildings to encourage their employees to engage in physical activities. Other companies who do not have the facility or space to do so have tied up with nearby gyms and sports complex to offer for free membership for their employees. They offer several activities to choose from like sports, boxing, martial arts, yoga, crossfit, and pilates to name a few. Some companies also have regular sports festivals, not only to promote physical fitness but to also boost employee morale and promote camaraderie. This is also due to the fact that most of IT-BPO companies operate with several shifts daily. Some of the employees, especially in bigger multinational companies, only interact with the people who have the same schedule as theirs. This is also one way of addressing the monotony that is always associated with IT-BPO jobs. By providing other activities within the workplace, employees have a different dimension of shared experiences, aside from work, which develop positive professional as well as personal relationships with their colleagues. This translates to good working relationships and boost employee confidence and morale among colleagues and improve their general demeanor in the workplace.

A total of 64% are satisfied with their community wellbeing, while 10% are dissatisfied, and 26% are neither satisfied nor dissatisfied. The average rating is 3.61 with a standard deviation of 0.81. Community wellbeing refers to the respondent's engagement and involvement in the area where they live. This factor received the lowest satisfaction rating among the aspects of general wellbeing. While this is still leaning towards the satisfied spectrum, IT-BPO employees have limited interaction with their community due to the shifts in work schedules, especially those who regularly take on graveyard shifts. While it was earlier mentioned that flexible work conditions have positive effects on their personal relationships, this can somehow affect their community relationships negatively. Most community activities occur during the daytime and weekends. Most IT-BPO workers operate on multiple eight-hour shifts throughout the day. Most of them also have work during weekends and holidays. These factors prevent some IT-BPO workers to be involved in their communities.

Lastly, 73% said they are satisfied with their emotional wellbeing while 16% said they are dissatisfied and 11% said they are neither satisfied nor dissatisfied. The average rating for emotional wellbeing, which refers to daily experiences, is 3.68 with a standard deviation of 0.84. While previous studies have mentioned that IT-BPO work is somewhat monotonous leading to negative attitude and behaviour towards work and their colleagues, a positive average rating for emotional wellbeing says otherwise. This is somewhat related to the efforts of companies and industry associations to create a pleasant work environment for their employees by offering a variety of activities and flexibility in terms of work schedule and relationship with their peers and superiors.

Based on the results, IT-BPO employees rate themselves positively in terms of general wellbeing. All of the individual aspects of wellbeing discussed have an average rating leaning towards the 'satisfied' side, the lowest being community with 3.61 and the highest is social wellbeing with 3.94. This means that IT-BPO employees are satisfied with their work relative to the different aspect wellbeing. This is also further validated by their responses on the succeeding questions that refer to employment retention factors.

5.6 Employee retention factors

For the next set of questions, the respondents were given statements that relate to factors that affect retention like leadership, compensation, job characteristics, career development, superior-subordinate relationship, work-life balance, and commitment to organization. The same five-point likert scale was also used for all factors, except commitment to organization, wherein 1 is equivalent to strongly disagree while 5 is equivalent to strongly agree. For commitment to organization, 1 is equivalent to very unlikely while 5 is equivalent to very likely.

The beginning of the last part of the questionnaire is composed of four statements that test the respondent's motivation to quit or stay in the organization. For the first statement "*Right now, staying with my organisation is a matter of necessity*", 61% said that they agree with the statement while 13% said they disagree. More than a quarter or 26% neither agree nor disagree with the statement. The average rating is 3.65 with a standard deviation of 0.93. The first statement had the highest rating among all statements for this factor. For the second statement "*I would be very happy to spend the rest of my career with this organisation*", 69% said they agree to the statement, 22% disagreed, while 9%. The average rating is 3.52 with a standard deviation of 1.16. The third statement says "*It would be very hard for me to leave my organisation right now, even if I wanted to*". More than a third or 39% said they agree to the statement, while 36% said they disagree. More than a quarter or 26% said they neither agree nor disagree with the statement. This had the lowest average rating among the statements with 3.04 and standard deviation of 1.15. The last statement, "*One of the few negative consequences of leaving this organisation would be the scarcity of other job opportunities*", almost half or 49% said they agree while 26% said they disagree.

Table 9. Summary of respondents' motivation to quit

	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)			
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±
Right now, staying with my organisation i...	3x	3,09	5x	5,15	20x	20,62	52x	53,61	17x	17,53	3,77	0,91
I would be very happy to spend the rest ...	7x	7,22	27x	27,84	23x	23,71	30x	30,93	10x	10,31	3,09	1,14
It would be very hard for me to leave my...	3x	3,09	20x	20,62	24x	24,74	40x	41,24	10x	10,31	3,35	1,02
One of the few negative consequences of...	8x	8,25	15x	15,46	19x	19,59	43x	44,33	12x	12,37	3,37	1,14

■ Arithmetic average (Ø)
■ Standard deviation (±)

5.7 Compensation

The respondents were then asked whether they are satisfied or not with their compensation. This included their benefits, incentives, its competitiveness, and most recent raise. Majority or 76% of the respondents said they are satisfied with their benefits package, 16% said they are dissatisfied while 7% are neither satisfied nor dissatisfied. The average rating is 3.85 with a standard deviation of 0.98. For the total salary package, 75% said they are satisfied while 11% said they are not, the remaining 13% are neither satisfied nor dissatisfied. Total salary package got an average rating of 3.91 with a standard deviation of 0.96. The competitiveness of total salary package got the highest average rating with 3.93 and a standard deviation of 0.99. A total of 77% of the respondents said they are satisfied, 13% are not, while 10% are neither satisfied nor dissatisfied. Most recent raise got the lowest average rating with 3.67 and a standard deviation of 1.14. A total of 62% said that they are satisfied with their most recent raise, 16% said that they are not, and 22% said they are neither satisfied nor dissatisfied.

Table 10. Summary of respondent's attitude towards compensation

	Very Dissatisfied		Dissatisfied		Neutral		Satisfied		Very Satisfied		Arithmetic average (\bar{X})	Standard deviation (\pm)	
	1 (1)		2 (2)		3 (3)		4 (4)		5 (5)				
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%			
My benefits package	-	-	16x	16,49	7x	7,22	50x	51,55	24x	24,74	3,85	0,98	
My total salary package (base pay, b...	1x	1,03	10x	10,31	13x	13,40	46x	47,42	27x	27,84	3,91	0,96	
The competitiveness of my total sala...	1x	1,03	12x	12,37	9x	9,28	46x	47,42	29x	29,90	3,93	0,99	
My most recent raise	5x	5,15	11x	11,34	21x	21,65	34x	35,05	26x	26,80	3,67	1,14	

5.8 Job Characteristics

The next of statements were about the characteristics of their daily work. For the first statement, *"The job requires me to use a number of complex or high-level skills"*, 72% said they agree, 16% said they disagree, and 12% neither agree nor disagree. The average rating of 3.76 with a standard deviation of 0.98. This was followed by the next statement, *"The job denies me any chance to use my personal initiative or judgement in carrying out the work"*. It can be noted that it was stated negatively, which means a higher rating can be equated to have little or no freedom in decision making relative to performing their work. For this statement, the average rating is 2.49 with a standard deviation of 1.07. A quarter or 25% of the respondents agreed to this statement, 65% disagreed, and 10% neither agreed nor disagreed. The third statement, *"The job is quite simple and repetitive"*, is also negatively stated. It can be considered to be similar to the previous statement. However, this focuses on the nature of work being done, or the extent of the variety of work performed. It somehow had similar results having 2.85 as average rating and a standard deviation of 1.18. Almost half of the re-

spondents, or 49% disagree with the statement, 34% agreed, and 17% neither agreed nor disagreed with the statement. The last statement “*The job gives me considerable opportunity for independence and freedom in how I do the work*”, is the exact opposite of the previous two and somehow similar to the first statement. It got an average rating of 3.67 with a standard deviation of 0.97. The results is consistent regardless if it’s positively or negatively stated.

5.9 Career Development

Table 11. Summary of respondents' attitude towards job characteristics

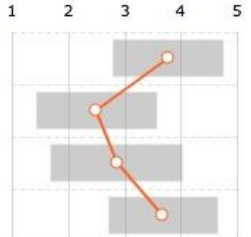
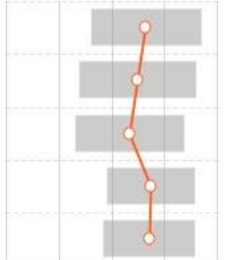
	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)					
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±		
The job requires me to use a numbe...	-	-	16x	16,49	12x	12,37	48x	49,48	21x	21,65	3,76	0,98		
The job denies me any chance to us...	13x	13,40	50x	51,55	10x	10,31	21x	21,65	3x	3,09	2,49	1,07		
The job is quite simple and repetitiv...	9x	9,28	39x	40,21	16x	16,49	24x	24,74	9x	9,28	2,85	1,18		
The job gives me considerable oppor...	1x	1,03	15x	15,46	15x	15,46	50x	51,55	16x	16,49	3,67	0,97		

Table 12. Summary of respondents' attitude towards career development

	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)					
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±		
My chances for being promoted are ...	5x	5,15	11x	11,34	13x	13,40	52x	53,61	16x	16,49	3,65	1,05		
There are enough career opportuniti...	7x	7,22	14x	14,43	11x	11,34	54x	55,67	11x	11,34	3,49	1,10		
It would be easy to find a job in ano...	5x	5,15	15x	15,46	28x	28,87	40x	41,24	9x	9,28	3,34	1,02		
An employee who applies for anothe...	3x	3,09	3x	3,09	21x	21,65	59x	60,82	11x	11,34	3,74	0,82		
An employee's career development i...	1x	1,03	8x	8,25	24x	24,74	49x	50,52	15x	15,46	3,71	0,87		

The next set of statements refer to their career development prospects within their organization. The first statement “*My chances for being promoted are good*” had an average rating of 3.65 with a standard deviation of 1.65. Most of the respondents or 70% agree to the statement, 16% said they disagree, while 13% neither agree nor disagree with the statement. When asked if there are enough career opportunities available in their organization (“*There are enough career opportunities for me in this organisation*”), majority or 67% agree to the statement while 22% and 11% neither agree nor disagree to the statement. It has an average rating of 3.49 with a standard deviation of 1.10.

The next statement is about finding another job within the organization or mobility. The responses for statement “*It would be easy to find a job in another department*” varies wherein half or 50% agree while almost a third or 29% nei-

ther agree nor disagree. A considerable amount, or 21% said they disagree with the statement. Among all statements about career development, it got the lowest average rating of 3.34 with a standard deviation of 1.02. The next statement tries to inquire about how they feel on external application. With the statement *“An employee who applies for another job at this organisation has a better chance of getting that job than someone from outside this organisation who applies for the job”*, 72% said they agree to the statement while 22% neither agree nor disagree and only 6% disagree. It got the highest rating among the statements with 3.74 and a standard deviation of 0.82. To wrap up the career development factor, the statement *“An employee's career development is important to this organisation”* was given. The average rating for this statement is 3.71 with a standard deviation of 0.87. Majority or 66% agree with the statement while 9% disagree. A quarter or 25% of the respondents neither agree nor disagree with the statement.

5.10 Superior-Subordinate Relationship

Aside from general leadership within the organization, specific superior-subordinate relationship was also examined. This can be done by using statements that inquire about feedback on employee performance and recognition. The first statement *“My supervisor looks for opportunities to praise positive employee performance, both privately and in front of others”*, got the highest average rating of 3.84 with 0.77 standard deviation. A total of 80% said they agree to the statement while only 6% disagree, while 14% neither agree nor disagree. The next statement *“My supervisor rewards a good idea by implementing it and giving the responsible employee(s) credit”* got the second highest average rating with 3.77 and 0.82 standard deviation.

Table 13. Summary of respondents' attitude towards superior-subordinate relationship

	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)			
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±
My supervisor looks for opportunities t...	2x	2,06	4x	4,12	14x	14,43	65x	67,01	12x	12,37	3,84	0,77
My supervisor rewards a good idea by ...	1x	1,03	8x	8,25	16x	16,49	59x	60,82	13x	13,40	3,77	0,82
My supervisor seldom recognises an e...	8x	8,25	45x	46,39	28x	28,87	14x	14,43	2x	2,06	2,56	0,91
My supervisor often lets me know how...	3x	3,09	6x	6,19	21x	21,65	53x	54,64	14x	14,43	3,71	0,90

Arithmetic average (Ø)

Standard deviation (±)

Most of the respondents or 74% said they agree to the statement while 9% said they disagree, 16% neither agree nor disagree with the statement. Another negatively phrased statement was included in this set and it yielded the

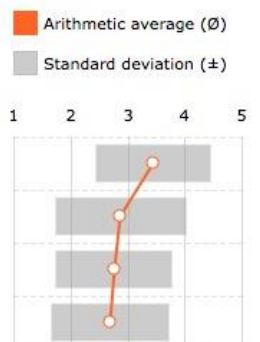
same result. It got an average rating of 2.56 with a standard deviation of 0.91. More than half or 55% disagree with the statement while 16% said they agree. Almost a third or 29% said they neither agree nor disagree with the statement. The last statement for superior-subordinate relationship deals with feedback. The statement *“My supervisor often lets me know how well he thinks I am performing the job”* was used for this purpose. It has an average rating of 3.71 with a standard deviation of 0.91. Most of the respondents agree with the statement with 69% while 9% said they disagree and 22% neither agree nor disagree.

5.11 Work-Life Balance

The next set of statement refers to work-life balance. As mentioned in previous studies, there is high incidence of stress and burnout in the industry causing some of the employees to quit. The first statement *“I often feel like there is too much work to do”* had the highest average rating of 3.44 and standard deviation of 1.00. Most of the respondents agree with the statement with 55% while 16% disagree. Almost a third or 29% said they neither agree nor disagree with the statement. The succeeding statement got low average scores, meaning they generally disagree with it. The second statement *“My work schedule is often in conflict with my personal life”* got an average rating of 2.87 and a standard deviation of 1.14. More than a third or 37% said they agree with the statement while almost half or 48% said they disagree while 15% said they neither agree nor disagree with the statement. The next statement *“My job affects my role as a spouse/partner and/or parent”* got an average rating of 2.75 with a standard deviation of 1.02. Almost a quarter or 22% said they agree to the statement while almost half or 44% said they disagree, more than a third or 34% said they neither agree nor disagree with the statement.

Table 14. Summary of respondents' attitude towards work-life balance

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Arithmetic average (\bar{X})	Standard deviation (\pm)
	1 (1)		2 (2)		3 (3)		4 (4)		5 (5)			
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	\bar{X}	\pm
I often feel like there is too much wor...	5x	5,15	11x	11,34	27x	27,84	44x	45,36	10x	10,31	3,44	1,00
My work schedule is often in conflict ...	9x	9,28	37x	38,14	15x	15,46	30x	30,93	6x	6,19	2,87	1,14
My job affects my role as a spouse/pa...	8x	8,25	35x	36,08	33x	34,02	15x	15,46	6x	6,19	2,75	1,02
My job has negative effects on my per...	8x	8,25	43x	44,33	21x	21,65	21x	21,65	4x	4,12	2,69	1,03



The last statement for work-life balance deals with the respondent's personal life relative to work. The statement *“My job has negative effects on my personal life”* was used for this purpose. It got an average rating of 2.69 with a

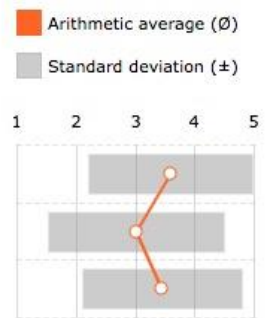
standard deviation of 1.03. A quarter of the respondents or 26% said they agree with the statement while 22% said they neither agree nor disagree with it. Majority of the respondents or 52% said they disagree with the statement and their job doesn't affect their personal life negatively.

5.12 Commitment to Organization

The last part of the online survey is composed of three questions that inquires about their plans in staying with the organization. It uses the same five-point likert scale, but this time each response is equivalent to their likelihood of doing what the question asked. The score of 1 is equivalent to very unlikely while 5 is equivalent to very likely. The first question, *“How would you rate your chances of still working at this company a year from now?”* had an average rating of 3.60 and standard deviation of 1.38. Majority of the respondents or 64% said they are likely to stay with their company for the next 12 months, while 28% said they are unlikely to stay, and 8% are still undecided. The next statement is very much like the first but phrased differently, and this time without a specific time frame. The statement, *“Do you intend to leave this company voluntarily in the near future”*, got an average rating of 3.01, or neutral, with a standard deviation of 1.48. The total of those who said they will likely or unlikely to leave the organization is almost the same, having 40% and 44% respectively. A total of 15% of the respondents are still undecided. The last question is also similar but differently phrased. It asks *“What are your plans for staying with this organisation?”*. It got an average rating of 3.45 with a standard deviation of 1.35. Majority of the respondents, or 59% said they will likely stay with their organization while a little over a quarter or 26% said that they will unlikely stay, and 15% are still undecided.

Table 15. Summary of respondents' attitude on commitment to organization

	Very Unlikely 1 (1)		Unlikely 2 (2)		Neutral 3 (3)		Likely 4 (4)		Very Likely 5 (5)		Arithmetic average (\bar{X})	Standard deviation (\pm)
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
How would you rate your chances of sti...	10x	10,31	17x	17,53	8x	8,25	29x	29,90	33x	34,02	3,60	1,38
Do you intend to leave this company vo...	19x	19,59	24x	24,74	15x	15,46	15x	15,46	24x	24,74	3,01	1,48
What are your plans for staying with th...	13x	13,40	12x	12,37	15x	15,46	32x	32,99	25x	25,77	3,45	1,35



5.13 Analysis on Those Who Permanently Left the Industry

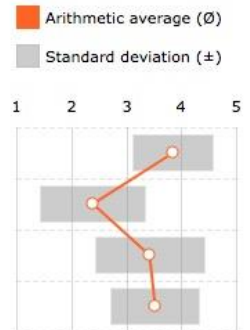
It has been previously discussed that almost a third of the respondents no longer work for the industry. While they share the same results in general, there are noticeable differences in some factors of employee retention that needs to be highlighted.

The group reported that they are satisfied with the different aspects of general wellbeing. However, they exhibit higher tendencies to quit, wherein 68% disagree with the statement “*I would be very happy to spend the rest of my career with this organisation*”. This is not surprising since the respondents no longer work for the industry. This doesn’t explain, however, the factors that lead to this attitude.

Table 16. Motivation to quit

Number of participants: 31

	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)			
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±
Right now, staying with my organisation i...	1x	3,23	-	-	5x	16,13	22x	70,97	3x	9,68	3,84	0,73
I would be very happy to spend the rest o...	3x	9,68	18x	58,06	7x	22,58	1x	3,23	2x	6,45	2,39	0,95
It would be very hard for me to leave my ...	2x	6,45	3x	9,68	8x	25,81	16x	51,61	2x	6,45	3,42	0,99
One of the few negative consequences of ...	-	-	5x	16,13	6x	19,35	19x	61,29	1x	3,23	3,52	0,81



One of the most notable differences from the general result is if they can exercise autonomy at work. The statements “*The job denies me any chance to use my personal initiative or judgement in carrying out the work*” and “*The job is quite simple and repetitive*” were used to test this. Both of the statements gave relatively lower ratings compared to the general average. This means that those who left the industry perform more complex jobs that require critical thinking and/or decision making. When cross-tabulated with the sector that they belong to, most of them or 39% are from the Back Office sector. It was previously discussed that back office include IT, accounting, human resources, and other administrative processes that require specific skills and technical knowhow to execute.

Also about a third or 32% of the respondents are from the contact center. In contrast with previous reports, the respondents, even those who left the industry, consider that their job as call center agents allow them to exercise their autonomy and decision making, as well as problem-solving skills. This can be attributed to the fact that call center jobs have evolved to the needs of the customers worldwide. Before, they were limited to logging and recoring complaints and request that they just input to the system and sent to another department for appropriate action. Nowadays, contact centers have evolved into customer support wherein agents are now trained to troubleshoot technical difficulties and assist in the processing of requests and service modifications.

They are also trained to use systems and programs needed to carry out these processes. These programs need technical knowhow in order to be

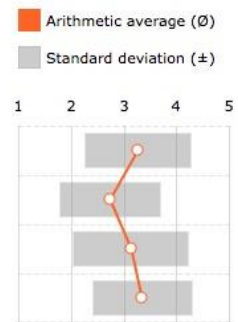
utilized. Moreover, agents are now trained to handle inquiries and settle complaints on their level to prevent from escalating. This alone requires excellent communication and problem solving skills that is far from the nature of the work 10 years ago. Companies have incorporated customer satisfaction into their services as competition within the industry intensifies. Also, agents are now trained to be generalists rather than specialists to be able to cater to different needs of the clients.

More than a quarter of the respondents or 26% are from the KPO sector. Due to the nature of the processes involved in their jobs, it is expected that they would disagree with the test statements. KPO jobs are complex and require analytical and problem-solving skills since it largely forms a company's value chain. KPO workers are experts or specialists in their respective fields.

Table 17. Job Characteristics

Number of participants: 31

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree				
	1		2		3		4		5				
	(1)		(2)		(3)		(4)		(5)				
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±	
The job requires me to use a numbe...	-	-	10x	32,26	5x	16,13	14x	45,16	2x	6,45	3,26	1,00	
The job denies me any chance to us...	1x	3,23	16x	51,61	4x	12,90	10x	32,26	-	-	2,74	0,96	
The job is quite simple and repetitiv...	1x	3,23	11x	35,48	4x	12,90	13x	41,94	2x	6,45	3,13	1,09	
The job gives me considerable oppor...	-	-	7x	22,58	9x	29,03	12x	38,71	3x	9,68	3,35	0,95	



Another notable difference with this group is how they rated career development. Among the statements related to this, *"It would be easy to find a job in another department"*, got significantly lower ratings compared to the general average. The group had an average rating of 2.94 compared to 3.34 general average. This can be attributed to the fact that companies have diversified their services. At the same time, they want more generalists rather than specialists because it is more cost-effective. Employees can easily cover for missed workload by their colleagues because they were trained to perform any task in the day-to-day operations. This also minimizes the need to re-train employees once upgrades or modifications are introduced in the system. There is therefore limited mobility within the organization since almost everyone has the same skill set required for other positions. This is especially true with call center and BPO sectors.

While the same trend can be observed with KPO, the reason for limited mobility is different. Since KPO companies have specific departments that work on projects, employees cannot freely apply for a position outside their department. An example would be a market research firm. They are usually divided into groups that deal with data gathering, data processing, and report writing. Every department requires different skills and expertise which limits opportunities for movement within the organization.

Table 18. Career Development

Number of participants: 31

	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)								
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±	1	2	3	4	5
My chances for being promoted are ...	5x	16,13	1x	3,23	1x	3,23	21x	67,74	3x	9,68	3,52	1,23					
There are enough career opportuniti...	5x	16,13	2x	6,45	4x	12,90	20x	64,52	-	-	3,26	1,15					
It would be easy to find a job in ano...	4x	12,90	8x	25,81	7x	22,58	10x	32,26	2x	6,45	2,94	1,18					
An employee who applies for anothe...	1x	3,23	-	-	5x	16,13	24x	77,42	1x	3,23	3,77	0,67					
An employee's career development i...	-	-	4x	12,90	12x	38,71	14x	45,16	1x	3,23	3,39	0,76					

Work-life balance also exhibit relatively lower ratings from the group compared to the general average. In fact, this section consistently revealed relatively higher ratings. Since all the statements on this section are negatively phrased, a higher rating suggests dissatisfaction. For the statement *"I often feel like there is too much work to do"*, the group had an average rating of 3.81 compared to 3.44 from the general average. The group consider the work too stressful leading to burnout. This is further supported by relatively higher ratings on the succeeding statements like: *"My work schedule is often in conflict with my personal life"* with 3.42 average rating compared to 2.87 general average; *"My job affects my role as a spouse/partner and/or parent"* had 3.10 average rating compared to 2.75 general average; and *"My job has negative effects on my personal life"* with 3.23 average rating compared to 2.69 general rating. From this, you can assume that this is the largest contributor or determinant of their decision to leave the industry.

Personal relationships largely affect one's concept of work-life balance satisfaction. While 90% of this group are single or never married, this can be attributed to the fact that most of the respondents are still living with their parents or family with 61%. While flexible working hours offer more opportunities for leisure, some who have graveyard shifts think otherwise. They spend most of the time sleeping while most of the household is awake. They even claim that you can never compensate for missed sleep at night no matter how much sleep you get in daytime. This also explains why they feel that there is too much work to do, because they never feel fully-rested for the next workday.

Table 19. Work-life balance

Number of participants: 31

	Strongly Disagree 1 (1)		Disagree 2 (2)		Neutral 3 (3)		Agree 4 (4)		Strongly Agree 5 (5)								
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±	1	2	3	4	5
I often feel like there is too much wor...	-	-	1x	3,23	6x	19,35	22x	70,97	2x	6,45	3,81	0,60					
My work schedule is often in conflict ...	-	-	8x	25,81	3x	9,68	19x	61,29	1x	3,23	3,42	0,92					
My job affects my role as a spouse/pa...	-	-	9x	29,03	11x	35,48	10x	32,26	1x	3,23	3,10	0,87					
My job has negative effects on my per...	-	-	9x	29,03	7x	22,58	14x	45,16	1x	3,23	3,23	0,92					

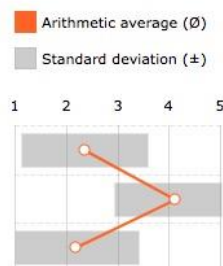
Most of them also have to work on weekends and holidays, which is mostly devoted to family and other leisure activities. Employees who quit the industry consider this as the most important factor in their decision. It can also be noted that the age of those who left is between 22-30 years. While the lower limit accounts for those who left to finish their studies, the majority are already in the life phase of planning to have their own families. Having a job that negatively affects their personal relationships at this stage would not be desirable.

Overall, this group displayed low levels of commitment organization. Among all the statements used in the study, “*Do you intend to leave this company voluntarily in the near future*” got the highest average rating for this group with 4.13 compared to 3.01 general average. The statement “*How would you rate your chances of still working at this company a year from now?*” also got significantly lower average rating of 2.35 compared to 3.60 general average. Finally, “*What are your plans for staying with this organisation?*” registered a 2.19 average rating or ‘unlikely’ compared to 3.45 average general rating or neutral, bordering likely.

Table 20. Commitment to Organization

Number of participants: 31

	Very Unlikely 1 (1)		Unlikely 2 (2)		Neutral 3 (3)		Likely 4 (4)		Very Likely 5 (5)					
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Ø	±		
How would you rate your chances of sti...	6x	19,35	17x	54,84	3x	9,68	1x	3,23	4x	12,90	2,35	1,23		
Do you intend to leave this company vo...	3x	9,68	-	-	2x	6,45	11x	35,48	15x	48,39	4,13	1,20		
What are your plans for staying with th...	10x	32,26	12x	38,71	5x	16,13	1x	3,23	3x	9,68	2,19	1,22		



Chapter 6

Concluding Discussion

The study surveyed 97 current and former IT-BPO employees to. Going back to the central question of the study, the primary objective is to illustrate the extent of skills mismatch in the industry. Reports say that despite the exponential growth of the industry in terms of FTE and revenues, it fails to actually fill-up the vacancies, especially in contact centers, due to skills mismatch. This is validated in the study wherein almost all the respondents have undergone some form of training, skills development, or advanced schooling, to be able to perform their jobs properly. This also enabled them to have better career prospects within their organization and the industry. This goes back to the type of training and education the respondents received before joining the workforce. It has been previously discussed that all of the respondents were products of the old curriculum wherein the program is process-centered, having the primary goal of acquiring a diploma to enable them to find decent jobs. Due to the changing landscape of the global labor market, education systems have evolved to comply with global standards and incorporated technological advancements in the curriculum to equip students with the technical know-how as well as other skills that are necessary to prepare them for their future jobs. The process then becomes student-centric and gives focus on obtaining soft skills, aside from hard skills, to be considered hireable and competitive based on global labor standards.

While there are criticisms against the industry and the quality of work that it provides, emerging sub-sectors have proven that IT-BPO jobs are not monotonous and require complex skills. This is evidenced by generally positive ratings in terms of their commitment to stay with their organizations, and that there are career development prospects within their organizations. This can be attributed to the fact that IT-BPO companies have diversified their services and enabled their employees to learn and acquire new skills in the process. These skills are highly transferrable that gives them more mobility within the industry.

As far as those who left the industry permanently are concerned, the primary determinant for this decision is the negative effects of their job in their personal relationships. While they are generally satisfied with the different aspects of their wellbeing and other job characteristics, the conflict that the flexibility of work that the industry offers also has some drawbacks for them. Even if their schedules are planned as early as a month, the conflicting schedules with family, friends, and society in general leads to great dissatisfaction. Therefore, general satisfaction of other aspects of work like salary and benefits, does not outweigh dissatisfaction that negatively affect commitment and can still lead to attrition.

Finally, having all of these factors combined, IT-BPO employees are satisfied with their work as well as other aspects of their wellbeing because their needs and wants are adequately addressed and provided by their companies by being innovative in their employee retention programs. The IT-BPO industry has been providing decent and relatively high-paying jobs to young people as well as flexible working conditions that give the more time for leisure. While attrition can still be considered a major concern for its sustainability, data shows that it is on a decline since it was first explored 10 years ago. This can be attributed to the collaborative efforts of the government, industry associations, and other stakeholders, to address the problem through its programs and initiatives.

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Appendices

Appendix A. Interview Guide

Questions	Response
1. In your knowledge, to what extent is attrition affecting the industry?	
2. What is your company/agency doing to address the issue on attrition?	
3. Are there existing projects or initiatives led by the government to address this issue? If yes, have you participated in these?	
4. Do you have existing employee retention programs in place?	
5. Is there a wider industry-wide retention program for employees?	

Appendix B. Online Survey From