



**THE EFFECTIVENESS OF FLEXIBLE WORK ARRANGEMENTS IN PHILIPPINE
CALL CENTERS DURING PANDEMIC, IN BUSINESS MANAGEMENT,
OPERATIONAL EFFICIENCY AND PERFORMANCE: A LITERATURE REVIEW
PAPER**

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ABSTRACT

The purpose of this study is to determine the effectiveness of flexible work arrangements on the call center industry in the Philippines at the time of pandemic focusing on its Business Management, Operational Efficiency, and performance. To curtail the spread of Covid 19, government leaders on all nations has reinforced strict lockdown on each of the provinces in each local government units. These lockdown protocol has restricted the movement of people from one area to another. Philippine government issued statements that only essential businesses are to be allowed to operate. Nonetheless, to keep these businesses' locations open, they must implement flexible work arrangements. This has forced most employers to halt their business operations while the BPO sector in the Philippines, which is the largest private sector in the country, has been given exemptions to operate, provided they follow government protocols on skeletal workforce, social distancing and give their employees temporary accommodation or shuttle services when required to go to the office. The industry has also been quick to adapt in implementing flexible work arrangement at the early part of the lockdown months of 2020. BPO firms had to deploy thousands of their employees for a work-at-home model without adequate preparation. There might be challenges on productivity, employee satisfaction, financial impact while abiding to their client requirements on security and data privacy but one can say it continue to thrive after more than a year of multiple quarantine protocols. The BPO industry continue to work on flexible work arrangement set up to this point. This may now be the new business unusual or the new normal type of work and could be seen as a long term if not a short-term solution to the BPO sector. Business management in this new normal involves a high degree of innovation to ensure the three-legged stool of strong financials, client, and employee satisfaction still intact. Operational efficiency may have posed a challenge in the beginning as Philippines is not known to have the most reliable internet service. This literature review focuses on related articles showing the effectiveness of flexible work arrangements in the Philippine BPO Industry this pandemic setting, how they surpassed the challenges, how is their overall performance and employee productivity and the response of their client to the flexibility of this working condition.

Keywords: Work-at-Home, Philippine BPO, Pandemic, Pandemic impact, Effective work at home, flexible work arrangement, BPO Performance, Call center industry

INTRODUCTION

The unprecedented impact of Covid 19 has not only been a worldwide health concern but also a worldwide economic concern. No country has been spared of the impact of the pandemic. According to Statista Research Department (2020a):

“64 percent of Philippine households had a member who lost their job due to the enhanced community quarantine (ECQ), that was implemented in the country on March 16, 2020, because of the coronavirus COVID-19 pandemic. On the other hand, 36 percent of the surveyed respondents stated that none of their household members were affected.”

Philippine’s main export of services are tourism and business process outsourcing (BPOs). Obviously, tourism has become nil starting March upon the announcement of the lockdown. Though, many businesses have gone online, our BPOs are mainly call centers whose mother firms abroad have either temporarily or permanently shut down because of the lockdowns, physical distancing policies and economic decline abroad (Lim, 2020). COVID-19 is very devastating; however, BPO industries are still in operation. As the Philippines is under quarantine due to Covid-19, the business process outsourcing (BPO) industry has adjusted to new working practices and shifts in demand. Also, the practices imposed by the World Health Organization is being done accordingly. As a result, the industry is still enabled to do its processes. This only means that there is a need to prioritize new modern services (IT, BPO, the Internet, and others) and to use them to revitalize the delivery of both new and traditional services. (Patrimonio, Romanillos, Ibon, 2020).

The industry has to respond to the current situation to continue the revenue stream. Following to government protocols, they have to maintain a skeletal workforce and allow a work at home set up. This has posed as a challenge in the early quarter of the pandemic due to multiple reasons (resistance of employees to work onsite , possible client security & data breach and internet issues when working at home). BPO has remained to be the top industries with high vacancies during the pandemic period (Tutay, 2020).

A key transition witnessed in BPO organizations is the shift from single-function operations to multi-functional operations to reduce the risk impact at any single location. This means that companies are no longer focusing on having only certain locations that specialize in one operation or service function. A shift to a standard cloud-based work platform can reduce manual work and lead to work automation, thereby improving the efficiency and effectiveness of employees. To tackle the existing pandemic, BPO companies merge developing strategies to manage the workforce. Management organization organize employee to handle the situations and employs meetings to the employee about the said pandemic action strategies. In, such strategies can help the workforce of the employee operate easily, and management organization implies home-based or treat employee for reserve hotels to fight the spread of the virus (Espinosa, Paray, Tanquamco, 2020).

The implementation of flexible work arrangements is one way for the BPO-Call center industry to respond to the economic impact of the pandemic while still being able to follow the government protocols. The adoption of telecommuting and virtual collaboration as a new normal in the standard work arrangement is likely to blur the line that separates online and offline work, as firms adjust their operations to mitigate losses brought about by economic downturns and as workers calibrate their preferences and evaluate their attitudes towards risk (Bayudan-Dacuyucuy, Orbeta Jr, Serafica and Baje, 2020).

Prior to the COVID-19 pandemic, discussions of telework in the Philippines were initially borne out of the aspiration to alleviate one of the world's most congested cities and resolve transportation woes. This agenda has taken on a new life as the pandemic has forced most workers to stay at home and businesses to remain operational without requiring employees' physical presence in the workplace. On the one hand, the swift adoption of remote work arrangements as a response to COVID-19 is an opportunity for governments and employers to support employees who are indeed capable of working from home (Gaduena, Caboverde, Flaminiano, 2020).

As the world has adjusted to this new normal work condition, there are BPOs who has started transitioning back to the pre pandemic brick and mortar work arrangement state, while others implement Hybrid work models, and some has transitioned to the work at home permanent set up. The major consideration in deciding on how to proceed with the type of work arrangement among its staff will be heavily reliant on the organizations performance.

DISCUSSIONS

Briefly reports what others have found or thought about the research problem. Related studies are usually discussed together, grouped under subheads (to make the review easier to read). Major studies are reviewed in details while less important words can be referred to in just one line or two. Often this is done in referring to several studies that reported similar results in single sentence.

Different Work Arrangements during the Pandemic

As a response to the government mandate even at the start of the community quarantine, several call centers in the Philippines has established multiple work arrangements to continue their operations. The Department of Labor and Employment (DOLE) released a memorandum that orders employers to implement flexible work arrangements as a remedial measure due to the COVID 19 outbreak. This memorandum was released last March 4, 2020 and it outlines the guidelines that employers be duty bound to follow. Though the flexible work hours stipulated in the memo were itemized to Forced leaves, reduction of work hours and work days, rotation of workers and forced leaves, these flexible work arrangements are limited to these. A side note for employers to also explore other alternative arrangements to mitigate the loss of income has also been added. Eventually as the months into quarantine progressed, some BPOs had resorted to the Work at Home set up as a solution to the pandemic crisis.

In the study of Bansig, Jandayan, and Paja(2020), they interviewed a call center agent working in VXI Global Davao. The result of the interview indicated that during the plight of pandemic, agents were given equal options to work from home if afraid to work on site. They can also file indefinite leave, which means they can take a leave and report to work until the situation is normal.

Patrimonio, Romanillos and Ibon (2020) found that present situation where COVID19 is spreading, the Sutherland Global Services implemented a guideline for their workers. This company offered work from home options and report to office with the bonus to be paid doubled daily and lastly the option not to work at all.

Meanwhile, Enfield (2021) find that the responses of the BPO in the Philippines varies. Some pulled out of using these outsourced facilities. Some sought to facilitate homeworking,

shipping IT equipment to workers' homes. As the average Manila household has 4-5 people with "poor yet expensive internet connection" (Ocampo and Yamagishi, 2020: 8), homeworking is unsuitable for many. Subsequently COVID- 19 has been met with economic protectionism and the tightening of borders. Some companies are re-shoring BPO activities, taking advantage of newly unemployed workforces in places with a wider penetration of broadband and home office equipment, and where impacts of future lockdowns are more predictable.

Telecommuting – this is a term used to indicate remote work, most of the call centers has deployed the work from anywhere model during the start of the pandemic till now. This may not be only refer to work at home but could be working from anywhere not within the four corners of the physical office. A few examples of the call centers who have implemented remote work is Concentrix in Manila. Concentrix has established hubs (location is not anywhere within the physical office but near most of their employees home addresses) where their employees can report to when their home may not be equipped for a work at home set up. Work at home set up on the other hand is an example of telecommuting. Most of the known call centers like SITEL, Sutherland and Task Us has this kind of work set up. Bloomberg reported that amid the pandemic, about 60% of total call center employees are currently working from home, with some companies now fully home-based. The government recently allowed companies in the economic zones to let as many as 90% of employees work from home through next March.

Hybrid Work Arrangements- A hybrid work arrangement is allowing workers to split their time between reporting to the office and working at home remotely. This may not be a very common work arrangement for call centers especially on their level 1 employees. This type of work arrangement is true for support functions and leadership roles whose been equipped to have their company provided MacBook and Laptops with them as they allow mobility and flexibility with this kind of work set up.

Work Arrangements' Effectiveness to BPOs Performance

Operational Efficiency – Employee Productivity

The findings of Alfanza's (2021) study do not provide enough evidence supporting the perception within many organizations that the shift to remote work may deter employees' productivity. On the contrary, it supports recent researches showing that productivity was the same as or higher than it was before the pandemic, even while telecommuting. This goes to prove that most employees can actually be trusted to get their work done from home. However, remote work in the Philippines is mostly deterred by external factors such as unreliable internet connection and unstable electricity supply.

Asis and Dalida (2021) conducted a research study in a BPO company at Taguig City in Metro Manila with a sample size of 130 employees interviewed. Their respondents had a positive response when ask about the quality of their work with the new norm of working remotely. In the previous months before the pandemic, they perceived that the quality of their work is better subsequently after COVID 19 while working from home. Respondent's concluded that they showed great flexibility to deliver their tasks well which is a good thing for the company. They can adapt well to what is happening with the world and are well prepared for a working remote set up.

The study conducted by Seva, Tejero and Camacho (2021) concludes that those working from home have ergonomic issues with their workstations and usually experiencing lower back pain, neck and shoulders, may have difficulty in taking a break from their tasks and reported high levels of stress but are relatively productive.

Working from home as we all know, most of the time leads to higher stress and burn out, which in turn impacts job productivity. The analysis of data observed that the demographic profile in terms of age, educational attainment, salary, years of service by profession, and years of service in the company the employees are currently employed have no significant relationship with the causes of work from home stress during the pandemic (Battung, 2021). The qualitative analysis that Battung (2021) made on his research shows that majority of respondents answered that they can do multi activities that can be done inside the house like household activities while doing the job while good time management between family and work is also beneficial and advantageous for them. Most importantly, they prefer this for the sake of their own and families' health and safety.

Business Management – Profitability

When it comes to business management, profitability comes into mind. The deployment of different work arrangement may not have the same impact on revenue compared to the usual brick and mortar type of work arrangement if the same volume, work load and revenue structure is in place for BPOs. The cost on the other hand may vary. Depending on the type of service the call center provides, the location (Urban locations has higher labor cost than rural call center location), infrastructures and other OPEX and CAPEX related costs. Switching to a flexible work arrangement impacts costs on building rents, seats, Tech consumable and IT related automation costs.

Prior to the pandemic, to operate a call center in the Philippines will have 40% lower cost than in the United States and 55% of that comes from labor cost savings and brings in around 25% to 50% cost savings (Alava, 2006). The success of call centers worldwide is attributable to the growth of outsourcing as a profitable business model. The outlook for the industry as reported by the IT-Business Process Association of the Philippines, the IT-BPM sector which covers the voice (call center) and non – voice (IT Software) complex services which include subsectors in the call center's revenue is projected to increase from US\$22.9 billion in 2016 to US\$38.9 billion by 2022. Nine cities in the Philippines will continue to draw large IT BPM services providers globally, Manila included (Tutay, 2020). Meanwhile, the Contact Center Association of the Philippines sees a shift toward working-from-home, one of several Covid-era workforce adaptations that could become entrenched and expects the outsourcing industry's revenues to grow 9% this year, outpacing 6%-7% for the sector globally, as more companies shift toward digitalization. "No business is thinking we will just go back, after this pandemic is over, to the way we were," Chairman Benedict Hernandez said in an interview (Lopez, Yap 2021).

Navarro (2020) also states in his article that some BPOs are keen on implementing the WFH scheme given the benefits it can offer, both tangible and intangible. For instance, the remote workplace will help reduce operating expenses in the form of office leases and utility costs.

Business Management – Recruitment and Training

Along with the other changes on business management during pandemic will be the approach on call center BPO's hiring and training. How did these two business entities delivered in a flexible work arrangement?

Before pandemic, recruitment and hiring process includes face to face interviews with applicants in the physical office of the company. Stages of hiring includes initial interview, typing and/or technical assessments, language assessments and the final interview with the program leaders. The technology of finding the right talents are available on the company's physical offices. BPO hiring process is also one of the fastest when it comes to getting hired as it involves only one day processing and job offer.

Given the drastic shift in the labor market caused by the pandemic (i.e. work arrangements, hiring practices), it was evident that job seekers have been searching for work at home/home based, part time and freelance occupations rather than the traditional ones (Tutay, 2020). In response to Covid 19 , some employers dealt with expanded and spikes in hiring demands since which were seen in technology and essential businesses support. The hiring process has also changed for the BPO industry. The flexible work arrangements has somehow become an advantage on the hiring side as more employees prefer a telecommuting set up for their health and safety. Organizations across the board have had to transition to a virtual recruiting and hiring process for most roles.

Some recruitment practices are adapting quickly to respect COVID-19 prevention measures. This includes shifting to online modalities, looking to recruit nationally (e.g. unemployed migrant workers already in the labor market in the country of destination, or national workers), and preparing for safe and fair recruitment practices once travel restrictions are lifted. According to the news article published by Business mirror, Virtual hiring is the 'new normal' at TDCX Philippines (2021), TDCX which is a call center in the Philippines, virtual recruitment is their go-to hiring method to keep hiring moving while protecting recruiters and candidates. The online hiring process is now the best practice with everybody going online and given the challenges nowadays in face-to-face meetings and interactions. It not only made it possible to keep the hiring pipeline moving, but it also helped TDCX upgrade the candidate experience and put safety protocols in place for the benefit of both the jobseeker and the employer (Virtual hiring is the 'new normal' at TDCX Philippines, 2021). It is also easier to hire since companies can attract talents from a variety of geographies, socioeconomic and cultural background.

Training on the other hand has become virtual and the term E-learning has been introduced. According to Basque & Brangier (2006, p. 435), e-learning is: "the acquisition of knowledge and skills through information and communications technologies (ICT) to foster learning interactions, both in terms of content, activities and learning tools, than with other users."

A major transformation to learning has to be introduced as flexible work arrangements continue to sprout among the industry. Training like recruitments has to transcend time and

space. In addition to that, virtual training will increase the bandwidth of trainers, social distancing protocols and employee safety is ensured and cost on additional training resources has been reduced.

From the point of view of the employee, E-learning makes it possible to obtain training, it can take note of the training provided through the new portal of information and communication technologies, understand the different parameters of the training, and thus facilitate the processing of knowledge management (Alji, 2021). The trainer in the e-learning system can be an external provider, or a full-time or occasional employee of the company who performs this function (Alji, 2021). E-learning can cut down the training time vs the traditional training. It allows learners to acquire the same skills in a shorter period of time.

CONCLUSION

In a study by Willis Towers Watsons (Philippine companies take steps to ensure employees' wellbeing and business continuity amid COVID-19 ECQ period, 2021) stated that 56% are considering implementing either an Internet or a mobile plan assistance to ensure their employees are connected and able to work seamlessly to support the work at home set up. These are additional provisions from existing plans and delivered either through reimbursement or in-kind (e.g. pocket wi-fi device or mobile plan subscription) with the latter as a typical practice. For organizations with employees working in operations, most are still operating under 'business-as-usual'. They typically provide support to employees with some form of shuttle or transportation services (86%), lodging (70%) and meals (77%) (transportation and accommodation as required by the government especially for BPO companies). The pandemic has disrupted the way organizations conduct their business. However, based on the collected responses, a majority of the participating companies are progressively providing additional benefits and support to employees to minimize the impact of the pandemic to their business and workforce in the Philippines.

In an online article entitled, Flexibility in Call Centers Could Improve Agent Performance (2021), it's indicated that employees who enjoy flexibility in their work situations achieve a better work/life balance, which leads to a high level of satisfaction and improved morale. The company will be more likely to retain these workers, which prevents from continually recruiting and training new employees, a costly and time-consuming process. Happier employees also enjoy more positive interactions with consumers, improving their closing rates and enhancing company's reputation for customer service. Employees see flexibility as desirable, but employers are often wary of it. However, it provides a variety of benefits to the industry. These benefits extend from the agent's performance to overall call center operations. The call center agents need continuous training and coaching to improve their effectiveness. This ongoing training is especially important for remote employees. While working from home has many positives, it also means fewer of the face-to-face interactions that are necessary for learning new skills and policies. Flexible schedules allow managers to set aside group training time for new and existing agents. Flexible options such as split shifts and remote workers deliver reduced costs, something every call center can embrace.

Telework is best suited for jobs that require independent work, little face-to-face interaction, concentration, a measurable work product and output-based (instead of time-based) monitoring. Nevertheless, telecommuting is not unknown in jobs—even HR jobs—that do not fit this mold. Telecommuting has become a widely accepted practice, and most organizations that

do permit it develop metrics to track their return on investment. Companies that give their workers the option of telecommuting report its benefits in greater productivity, lower costs, more options for finding and retaining qualified standards and improved employee health (Society for Human Resource Management, 2020).

The benefits of flexible work arrangement implementation were from the view of the organization (i.e. reduced profits), and not from the employee's perspective (Santos, 2014). In fact, the researcher was unable to find any information on case studies or detailed information of employers working from home. This presents an opportunity for further research that could assist other companies to understand the implications of flexible work arrangement (Delle-Vergini, 2017).

Some companies offer flexible scheduling in which they give call center team a modicum of freedom within a highly structured system. Letting agents have a say about when their 40 hours are worked makes them more engaged and happier to come to work and to be productive (Chance, 2020).

It is not surprising that some BPOs are keen on implementing the WFH scheme given the benefits it can offer, both tangible and intangible. For instance, the remote workplace will help reduce operating expenses in the form of office leases and utility costs. Tardiness, absences, and low productivity can also be curbed, as external factors such as inclement weather, travel time to work, etc., are avoided. Further, the safety of employees on the graveyard shift is ensured, as they no longer have to travel during the wee hours of the day. While the pandemic has disrupted routines and practices, it has also challenged people to adapt, innovate, and move forward. Though unsettling at first, change is good if embraced with the right mindset and attitude (Navarro, 2020).

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