Employability of offshore service sector workers in the Philippines: opportunities for upward labour mobility or dead-end jobs?

Beerepoot, N.; Hendriks, M.

Published in:
Work, Employment & Society

DOI:
10.1177/0950017012469065

Citation for published version (APA):
Employability of offshore service sector workers in the Philippines: opportunities for upward labour mobility or dead-end jobs?
Niels Beerepoot and Mitch Hendriks
*Work Employment Society* 2013 27: 823 originally published online 2 September 2013
DOI: 10.1177/0950017012469065

The online version of this article can be found at:
http://wes.sagepub.com/content/27/5/823
What is This?

OnlineFirst Version of Record - Sep 2, 2013

Version of Record - Oct 14, 2013
Employability of offshore service sector workers in the Philippines: opportunities for upward labour mobility or dead-end jobs?

Niels Beerepoot
University of Amsterdam, The Netherlands

Mitch Hendriks
University of Amsterdam, The Netherlands

Abstract
Critical concerns have been raised about the quality of employment in the offshore service sector in developing countries, suggesting that many activities have an inherent paradox of highly educated workers performing low-skilled jobs. Based on empirical data collected in the offshore service sector in Baguio City (the Philippines), this article analyses the knowledge and skills acquisition of workers using the concepts of employability and generic skills. The article demonstrates that offshore service sector work is part of a longer-term career planning of workers and an opportunity for strengthening their employability on the global labour market. The early stage of development of the offshore service sector provides workers with opportunities for local upward labour mobility. The article argues that the sector should be looked at from an employee-based perspective that emphasizes their employability and generic skills acquisition in order to understand the longer-term benefits of the sector for developing countries.

Keywords
business process outsourcing, employability, generic skills, offshoring, Philippines, service outsourcing sector

Corresponding author:
Niels Beerepoot, Amsterdam Institute for Social Science Research, University of Amsterdam, Plantage Muidergracht 14, 1018 TV Amsterdam, The Netherlands.
Email: n.p.c.beerepoot@uva.nl
Introduction

Global sourcing has increased competition in services markets for a wide variety of activities, from low-skilled functions such as data entry, word processing and call centres to higher skilled activities such as software development, consultancy, medical services and research and development. A range of services previously conceived to be non-tradable are now being provided electronically over large distances (World Bank, 2007). With the expanding opportunities for offshore service delivery, this sector is infinitely rich in opportunities. Consequently, developing countries with educated manpower should be able to benefit from this trend and construct niches for themselves in a world economy that is increasingly connected by telecommunications networks (Dossani and Kenney, 2007). Despite the rapid expansion of employment in some developing countries a number of contested issues regarding the complexity of work, quality of employment and the longer-term prospects of workers in the offshore service sector demand further research. As part of labelling the work as ‘digital Taylorism’ that is undertaken in ‘electronic sweatshops’, doubts have been raised about the quality and longer-term prospects of employment in this sector (see Kuruvilla and Ranganathan, 2010; Ng and Mitter, 2005; Thite and Russell, 2010). In a number of offshore service activities, workers carry out relatively well-paid activities (e.g. call centre work) for which they are over-qualified and this leads to an educational mismatch (see Upadhya, 2008). The sector is criticized for providing employment to only a narrow labour market segment of young, urban, highly educated people. These young people are sometimes considered ‘call centre and software coolies’ with previously unknown lifestyle and consumption patterns but with unclear longer-term employment prospects and opportunities for career development (see Ofreneo et al., 2007). However, authors who have examined the sector from a skills-based perspective (see Hampson and Junor, 2005; Jenkins et al., 2010; Lloyd and Payne, 2009; Russell and Thite, 2008) emphasize the complexity of work and a variety of (hidden) skills that are needed in interactive service activities. While this observation does not lead to qualifying the work as ‘good jobs’ or ‘knowledge work’, it provides a starting point for understanding how workers perceive their employment and what longer-term employment perspectives (within and outside the sector) they foresee when carrying out these jobs. This analysis is taken further in this article by using the concepts of generic skills and employability for analysing the longer-term employment perceptions of workers in the offshore service sector, using the sector in Baguio City (the Philippines) as a case in point.

After India the Philippines is the world’s largest beneficiary of service offshoring. The offshore service sector in the Philippines has grown rapidly since the early 2000s. However, the sector is criticized for being dominated by low value adding activities (e.g. call centres, transcription) and with limited signs of local embeddedness (see Magtibay-Ramos et al., 2007; Rodolfo, 2005). Employment in these activities would be based on a narrow job description and offer only limited opportunities for acquisition of knowledge and skills replicable in other professions. At the same time concerns are raised about the longer-term employment prospects for workers within the sector. This article concentrates on the career perspectives and opportunities for upward labour mobility of workers in the business process outsourcing (BPO) sector in Baguio. It involves an assessment of
whether workers in the BPO sector have career opportunities or whether the sector confirms the image of providing only short-term employment opportunities for young college graduates. In order to understand the future employability of workers it is necessary to identify the knowledge and skills that workers acquire during employment and their perceptions with regard to their long-term employment prospects within this sector, or how they could apply their acquired knowledge and skills in other types of employment. By focusing on these issues, this article contributes to debates on the quality of work and longer-term employment prospects of workers in the BPO sector in developing countries. Experiences of BPO workers are analysed from a skills-based perspective framed around the concepts of employability and generic skills. It is argued that using these concepts when looking at the sector provides a new perspective beyond the current dichotomy of electronic sweatshops vs gainful employment. When analysing employment in the BPO sector it is important to look beyond the sector and analyse how workers themselves evaluate the opportunity to obtain knowledge and skills that can be applied in their further career. Secondly, it is argued that, rather than generalized categorizations of the quality of employment, the characteristics of the local labour market and local employment alternatives should be taken into account when evaluating the quality of this type of employment.

This article is based on open interviews with local key informants and a survey of among 200 workers in the BPO sector in Baguio carried out in 2009. The next section provides an overview of current debates on labour in the BPO sector and how the concepts of employability and generic skills can be used for understanding employment in this sector from a skills-based perspective. The third section outlines the methodological framework of this research. The fourth section concentrates on the characteristics of the offshore service sector in the Philippines and Baguio. The next two sections discuss knowledge and skills acquisition of workers during employment and their perceptions of the contribution of BPO work to their longer-term employment prospects. The seventh section contains the concluding remarks to this article.

**Labour in the business process outsourcing sector**

Various authors have emphasized the definitional problems that arise when talking about the BPO sector, such as the shallow boundaries of the sector and the problems that arise when outsourcing and offshoring are used interchangeably (for a detailed discussion see Bunyaratavej et al., 2011; Massini and Miozzo, 2012). The relatively recent emergence of the offshore service sector in developing countries has meant there is still no refined differentiation of activities. Offshore services are still frequently associated with call centre work, while the sector contains a much wider variety of activities. The variability in ‘service lines’ in the BPO sector is great and new service lines emerge on almost a weekly basis which makes it difficult to categorize work in the BPO industry accurately (Kuruvilla and Ranganathan, 2010). Common examples of BPO include data entry and other types of ‘back office’ work such as administrative labour as well as over-the-phone customer service work (i.e. call centre work) and telemarketing, which are also undertaken through call centres (Thite and Russell, 2010). Also more skilled work, including IT work, is undertaken through this model of work organization, although these types of
activities are often referred to as knowledge process outsourcing (KPO) (Thite and Russell, 2010).

A substantive body of literature is now available on the quality of employment in the BPO sector (see e.g. Fabros, 2009; Ofreneo et al., 2007; Thite and Russell, 2010). A common observation among these studies is that the emergence of service offshoring in developing countries has an inherent paradox of highly educated workers performing low-skill jobs. Call centre operations (the largest segment within offshore services) require access to a large pool of flexible, low-cost labour (Belt and Richardson, 2005). The labour market for call centre agents is often characterized as a ‘secondary labour market’ of insecure, low-paid jobs with limited career opportunities (see Dekker et al., 2002). It is widely observed that BPO companies in India and the Philippines recruit highly educated workers who have typically completed college education but the tasks performed by these workers are often low-skill, repetitive and rigidly routinized (Ng and Mitter, 2005; Taylor and Bain, 2005). This observation is made with limited reference to the diversity in BPO tasks. To overcome such generalized perceptions on BPO employment it is important to develop a more refined categorization of activities and of the knowledge and skills needed in the various subsectors. This also involves an understanding of the transferable knowledge and skills that workers acquire during employment and how they perceive their longer-term employment opportunities in internal and external labour markets.

Skills development and employability of BPO workers

One of the criticisms put forward by studies that evaluate the quality of BPO employment is the lack of opportunities for upward labour mobility and acquisition of knowledge and skills during employment (see Bird and Ernst, 2009; Budhwar et al., 2009; Noronha and D’Cruz, 2006; Russell and Thite, 2008). Jobs in the BPO sector do not necessarily imply a skill upgrading of the workforce employed since the tasks assigned are often routine and do not involve a lot of knowledge transfer to the employees (Bottini et al., 2007). Aside from limited attention to the diversity of tasks in the BPO sector, this opinion can be attributed to a lack of understanding of the different types of knowledge and skills needed in the various subsectors. Discussions of skills in service work generally dichotomize between two polarities: high-volume, mass markets with low-skilled and routinized interactive service work at one end and high-value operations which require skilled, professional knowledge workers at the other (Jenkins et al., 2010). The variety of tasks and new service lines emerging require a skills-based perspective towards BPO work that concentrates on the knowledge and skills acquired during employment.

This skills-based perspective helps identify whether workers have the opportunity to obtain transferable skills that can be used in their further career, especially when longer-term employment within the sector itself is not guaranteed or preferred. Two concepts that can be used as analytical tools when examining the sector from this perspective are employability and generic skills. Employability is often stressed as a concept for analysing labour markets from a skills-based perspective because of its emphasis on lifelong learning (and personal development) to secure and maintain employment. Employability has been defined as:
The capability to move self-sufficiently within the labour market to realize potential through sustainable employment. For the individual, employability depends on the knowledge, skills and attitudes they possess, the way they use those assets and present them to employers and the context (e.g. personal circumstances and labour market environment) within which they seek work. (Hillage and Pollard, 1998: 2)

A narrow supply-side view of employability can be used to identify relevant sets of skills for workers in particular circumstances. However, a broader concept of employability also allows the additional consideration of demand for one’s skills, personal circumstances and other factors that influence the employability of people in a particular labour market, or at a particular time, and are fundamental to people gaining or changing employment (McQuaid et al., 2005). For an individual worker, employability is an indicator of his or her opportunity to acquire and keep an attractive job in the internal and external labour market (Thijssen et al., 2008). The responsibility shifts to individuals who must improve their ‘skills’ in order to maintain employment in a (globally) competitive labour market. As such, employability is closely linked to the capacity of an individual to adapt to change and the ability to combine different types of knowledge and skills and build on them by managing self-learning throughout their working life (Mitchell, 1998). Job security is therefore closely related to competence and performance in the labour market, the ability to take initiatives, decisions and risks and the achievement of personal development (Mitchell, 1998). This implies that a worker depends on a combination of knowledge, skills and competencies to secure employment. Employability puts the responsibility for personal improvement and securing competitiveness in the hands of individual workers who need to develop flexible skills as an alternative to security of tenure (see also McQuaid and Lindsay, 2005). Given the relevance of personal development for workers’ further careers, a strong predictor of employability orientation and turnover intentions, compared with job satisfaction, may be people’s career satisfaction (Nauta et al., 2009). Whether one intends to leave will also depend on the state of the external labour market, such as the demand for one’s occupation and skills and potential job openings (Nauta et al., 2009). This provides a new perspective for evaluating employment quality whereby future career opportunities, particularly in external labour markets, should be taken into consideration when analysing perceptions of employment quality in a particular sector or profession. Particularly in lower-level BPO activities, workers may well look beyond their current employment (and the local labour market) and, temporarily, accept relatively unattractive employment conditions if that would enable them to have access to a broader array of future employment options. When evaluating this type of employment, the analysis should not only focus on the knowledge and skills acquired during BPO employment but also on the worker’s local employment alternatives.

Employability is closely linked to being multi-skilled since this enhances the range of jobs that workers have access to. The skills acquired during service work are often not recognized as such given the difficult identification of skills in service work. In recent years, however, a great deal of effort has been directed at trying to expose the ‘hidden skills’ that service workers exercise when interacting with customers, particularly in relation to jobs that have hitherto been described as routinized and ‘low-skilled’ (Lloyd and
Skills necessary to perform interactive customer services involve a blend of emotional, cognitive, technical and time-management skills, often performed at speed and at varying levels of complexity and autonomy (Hampson and Junor, 2005). Such generic skills, which can be used in a broad spectrum of jobs, are critical for individual competitiveness in the knowledge economy and represent a shift away from occupation-specific competencies towards more personal qualities (Dickerson and Green, 2004; Seltzer and Bentley, 1999). These skills, especially communication skills, have taken on central importance for jobs in many branches of the service sector. Interpersonal skills, personality and appearance take on crucial significance in terms of the ability to access and then to maintain employment – i.e. to improve employability in both highly skilled and routine, low-paid areas of interactive service work (McQuaid et al., 2005). The transferability and flexibility of generic skills make them invaluable tools for successful action in highly volatile environments where purely subject-related competencies are very short lived (Eurydice, 2002). The shift that has taken place towards an increasingly service-dominated economy, where many more jobs involve face-to-face or voice-to-voice interaction with customers, requires a new appreciation of the social and interpersonal skills used in service work (Lloyd and Payne, 2009). This shift also requires a greater understanding of how workers perceive the knowledge and skills acquired during service work and whether or not they regard these as assets for future employment. An employee-based perspective that is sensitive to the particularities of the labour market in which workers operate and how that market structures their employment perceptions helps overcome commonly held generalizations regarding the quality of work in the BPO sector. In this article, such a perspective is framed around the concepts of employability and generic skills.

Research methodology

This article is based on empirical data collected during a fieldwork period in Baguio from March to May 2009. A combination of qualitative and quantitative research methodologies was used to obtain an understanding of the city’s offshore services landscape from a skills-based perspective. Semi-structured interviews were conducted with 25 high-rank executives of BPO firms and representatives of government and business organizations. The objective of these interviews was to acquire a general overview of the sector, its characteristics and labour market impacts and its wider institutional structure. On average the interviews lasted one and a half hours and were conducted in an open framework which allowed for focused, conversational, two-way communication. The interviews were transcribed and analysed by grouping and cross-comparing the data from the individual interviews under the themes that the research had focused on.

The second stage of this research involved a survey of among 200 workers in the offshore service sector in Baguio, covering individuals’ backgrounds, major elements of BPO work and workplace learning. As noted elsewhere, the difficulties in gaining access to BPO workforces mean that employee voices have largely been absent in survey research on call centres producing a possible ‘top–down’ bias (Thite and Russell, 2010). To prevent ambiguity, a BPO employee refers here to a person employed at a BPO company, excluding high-rank managers and support staff. The workplace as learning setting
offers ample room for individual agency compared to formal learning settings. Every respondent might therefore have a unique interpretation of what is learned in a particular working environment. To ensure personal reflection on informal workplace learning by each respondent, the survey was composed of a mix of Likert scale type and other close-ended queries and open questions to gain insights into the knowledge and skills acquisition of BPO employees. This approach provided insights into the contribution by BPO work to their (future) employability.

A disproportional stratified random sample, using employee registers as sampling frames and the different BPO functions in Baguio as strata, was applied to select respondents for the survey. This procedure suited the specific research context and conditions best, as it led to a more balanced distribution of the survey in an offshoring environment dominated by call centres (see the following section). This distribution in turn allowed for an analysis of employee-level impacts of BPO work with a greater consideration of the internal diversity of the sector. The survey was conducted in 14 of the companies interviewed, which varied in size, ownership and outsourcing model. Finally, informal conversations held with BPO workers provided this study with a helpful, pragmatic context for interpreting the outcomes of the survey.

The Philippines BPO sector

The Philippines BPO sector had its formative years in the early 1990s when a number of foreign data encoding companies settled in the country. It gained momentum in the early 2000s with the launch of international outsourcing and offshoring of voice-based services. In recent years the Philippines BPO sector has grown rapidly thanks to its considerable output of college graduates with a good command of English. The reason for the large share of call centres is the Americanized English of Filipinos, which gives the country a competitive edge over India (Friginal, 2009).

Around 520,000 people (nearly as many men as women) are employed in the Philippines BPO sector. The vast majority of the BPO companies and jobs (nearly 80% of both) are located in Metro Manila. The bulk of employment (around 60%) in the Philippines BPO sector comprises call centre work (inbound customer care and outbound telemarketing) and this reflects the dominance of lower value added services (see Table 1). Since the minimum qualifications for employment are a college degree, good English proficiency and computer literacy, any college graduate can apply regardless of educational background.

The speedy rise of the industry in the country is causing supply side deficiencies as companies struggle to attract and retain enough qualified BPO professionals. Another unfavourable aspect of service offshoring is the high cost of office air-conditioning. With electricity costs estimated at 10 per cent of total operating costs of BPOs, high power rates are an additional burden on BPOs operating in the Philippines.

Baguio BPO sector

Supply side constraints in Metro Manila have led to the relocation of activities to smaller provincial cities (such as Baguio, Davao, Naga, Bacolod). Baguio is a secondary city in
the northern Philippines with a total population of around 300,000 residents. Baguio’s case illustrates how lower-tier cities with a favourable take-off position are able to benefit from service offshoring within a short time span. Key advantages of Baguio are its position as a university town (offering a steady supply of new recruits to the industry) and its relatively cool climate (saving companies electricity costs). The year 2004 was the breakthrough for offshore service activities when a large American call centre provider started an establishment. Ever since, this company has dominated the local BPO sector. Nowadays the company employs 3000 staff. The company provides employment to two-thirds of the total workforce of around 4500 workers in the Baguio BPO sector.

By the end of the fieldwork period for this research (May 2009) Baguio’s BPO sector consisted of around 35 firms. Three of them could be considered large firms, having more than 350 employees, while eight firms were medium-sized, having between 25 and 100 employees. The largest BPO subsector in terms of employment was the six call centres that together provided employment to approximately 4080 people. The three principal activities were call centres, transcription and software development. A typical feature for the relatively early stage of development of the sector was the lack of specialization and linkage formation among the companies. Several companies carried out different, unrelated, activities (such as delivering call centre and transcription work), while intra-cluster organizational complexity was low (e.g. absence of local forms of subcontracting).

In Figure 1, different tasks undertaken in BPO work are categorized along a low-end to high-end continuum reflecting different layers of complexity. Low-end functions were generally comprised of simple, routinized tasks, with firms recruiting candidates from a large pool of college graduates. The degree of firm-specific training was limited and entry barriers were low. Medium-end functions exhibited similar characteristics to low-end functions, but required some degree of domain knowledge (e.g. only law graduates could work on legal transcriptions), thereby increasing the complexity of the functions. High-end functions demanded in-depth domain knowledge to perform the relatively high-skill tasks, thereby also enhancing the entry barriers for these markets. Recruitment methods and criteria were specialized and strict, while the training included both job-specific skills and personal competencies. Distinguishing between these categories

| Table 1. Employment in the Philippine BPO sector (in absolute number of workers). |
|---------------------------------|--------|--------|--------|--------|
| Activity                       | 2004   | 2006   | 2008   | 2010   |
| Customer care                  | 64,000 | 160,000| 226,920| 344,000|
| Back office BPO                | 15,200 | 37,000 | 70,680 | 101,750|
| Transcription                  | 6300   | 11,675 | 18,600 | 14,000 |
| Animation                      | 3000   | 6500   | 7440   | 8604   |
| Software                       | 10,000 | 16,000 | 33,480 | 44,962 |
| Engineering services           | 2000   | 4400   | 11,160 | 10,600 |
| Total                          | 100,500| 235,575| 368,280| 523,916|

facilitates a more balanced understanding of skills and knowledge development of BPO workers.¹

**Profile: workers in Baguio**

When profiling the workers in Baguio’s BPO sector the question is whether the sector confirms the typical image portrayed by various authors (see e.g. Kuruvilla and Ranganathan, 2010; Ofreneo et al., 2007). The vast majority of the workers surveyed in this study (77%) were under 30 years old. Around 73 per cent of the respondents had a college degree, a percentage that is unlikely to be found in similar activities in western countries. For two-thirds of the respondents, the BPO job marked the start of their working career. These characteristics reflect the typical image of work in this sector as being attractive for young college graduates. With due caution (given ambiguous criteria) it can be concluded that the majority of the workers had a middle-class background, based on their completed college education and the fact they were well-versed in English. The majority of the surveyed workforce (53%) was originally from Baguio and had spent all or most of their lives in the city. Most of the employees not born in Baguio came from other parts of northern Luzon. These employees came to Baguio for study purposes and only a small number migrated with the purpose of finding a BPO job. Although it is a regional hub, Baguio provided few employment opportunities for the higher educated before the arrival of the service offshoring sector, a lack which resulted in a brain drain from the city. The service offshoring sector plays a role in retaining the better educated for the city, since 46 per cent of the respondents asserted that they would leave Baguio if there were no BPO jobs. Of the respondents who were not born in Baguio but who moved to the city to study, 40 per cent reported that the BPO sector was the key factor

![Figure 1. Categorization of BPO functions in Baguio along a low-end–high-end continuum, signifying the level of complexity of each service.](attachment:image.png)

*) Level (low-high) depends on: skill-complexity of function, specificity of recruitment methods, strictness of recruitment criteria, degree of firm-specific training, degree of additional training and entry barriers.
binding them to Baguio. The BPO sector therefore added to the quality and diversity of the local labour market. These local conditions also had an impact on how workers would evaluate the quality of employment, given that they operated in a local labour market that provided them few employment alternatives.

**Employability: attitudes and perceptions of employees**

Various authors have criticized the context for lifelong learning in the Philippines, arguing that the education and training system there faces problems of quality and relevance (see Beerepoot, 2008; Lall, 2000). The Philippines lack the legal, policy and institutional structures and systems to achieve lifelong learning (Macaranas, 2007). Employers in Baguio’s BPO sector only partially respond to these deficiencies through in-company training programmes. Pre-employment training initiatives are widespread, yet the core focus – except for firms in the high-end segment – is either on enhancing basic skills (e.g. typing skills) or on developing company-specific knowledge (e.g. work practices) as typical deficiencies of recent graduates. Additional training interventions are relatively limited in both segments as most employees never receive supplementary training.

The respondents’ perception of the skill complexity of their tasks indicated that they regarded the level of their tasks as being more complex than reflected in the typology created in this study. However, these findings are biased by the methods employed, as people generally tend to evaluate themselves and their occupations favourably. Few respondents will portray themselves as being highly educated but performing a low-skill job. Almost 90 per cent of all respondents – similarly distributed across the two categories – did not regard their job as being ‘very difficult’ but as part of a working environment in which workers were not forced to make a maximum intellectual effort. Call centre employees asserted during informal conversations that they regularly worked in ‘automatic pilot’ mode, as an example of a working environment that provided limited opportunity (or necessity) to directly invest in workers’ knowledge and skills.

Respondents in the high-end segment had often studied in a field (e.g. civil engineering) related to their current profession, while many employees in the less complex segments performed work that had minimal connection to their educational background. Examples of this were call centre employees having studied political science or biology and transcriptionists with a degree in social sciences. This incompatibility between the individual’s formal learning background and current work in the low- and medium-end segment not only resulted in increased perceived skill complexity (i.e. non-familiar tasks were experienced as more complex), but also showed that these respondents did not fully deploy their capacities to realize their full potential within their job.

Table 2 outlines the motivating factors for working in the Baguio BPO sector. Respondents appeared to be primarily motivated by short-term financial gains, which is not uncommon for workers at the start of their employment career. At first sight, workers – albeit those primarily employed in the low- and medium-end segment – lacked a long-term employment orientation and embraced lethargic employment attitudes. However, informal conversations with workers demonstrated a less visible, yet unequivocal, self-conscious career-oriented employment attitude. A recurring topic during
the informal conversations was the contribution of BPO work to the workers’ ambitions to acquire a job abroad. Interviewees emphasized how employment in the BPO sector helps them improve their English language communication skills and interpersonal skills. In their eyes, the acquisition of such generic skills during BPO employment strengthens their personal competitiveness, which would help them move beyond the local labour market and gain a foothold on the global labour market.

Using BPO work to enhance their generic skills contributes to the objective of many respondents – irrespective of the two segments – to work abroad (see Table 3). A career conscious employment attitude was further validated by a survey question which referred directly to this issue of one’s field of operation in the global workplace. The vast majority of workers in the low- and medium-skill segment (87%) expected the BPO work experience to enhance their chances of obtaining a job abroad, with the main explanation being the development of English proficiency. A similar positive view was visible in the high-end segment, although the principal explanation here concerned the contribution of BPO work to making respondents globally competitive (i.e. higher-level occupation-specific skills). Abroad, the employees hope to find a job that matches their educational background. Seen from this angle, the main reason for working in the BPO sector was to help fulfil future career ambitions. Inspiration for adopting this career strategy was derived from former colleagues and friends having succeeded by following similar career paths. Consequently, hearing about other employee experiences encouraged BPO workers to progress through the labour market: the inconveniences of BPO work (e.g. routinized work, graveyard shifts) are a trade-off for reaping the distinct longer-term benefits these workers expect to obtain. This attitude might, in itself, seem suboptimal, yet it implies a viable career strategy for workers with limited alternatives in the local labour market and increasing opportunities provided by economic globalization.

Table 2. Reasons for working in the BPO sector ranked by importance. Highest score is 1 (ranked most important), lowest score is 4 (least important).

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Low- and medium-end (N=165)</th>
<th>High-end (N=19)</th>
<th>Total (N=184)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage level</td>
<td>2.15</td>
<td>2.58</td>
<td>2.19</td>
</tr>
<tr>
<td>Status of the job</td>
<td>2.71</td>
<td>2.16</td>
<td>2.66</td>
</tr>
<tr>
<td>To improve my English</td>
<td>3.27</td>
<td>3.68</td>
<td>3.32</td>
</tr>
<tr>
<td>To improve my computer skills</td>
<td>3.56</td>
<td>3.21</td>
<td>3.52</td>
</tr>
<tr>
<td>To improve my communication skills</td>
<td>3.41</td>
<td>3.58</td>
<td>3.43</td>
</tr>
<tr>
<td>Working hours</td>
<td>3.83</td>
<td>3.79</td>
<td>3.83</td>
</tr>
<tr>
<td>Lack of other jobs</td>
<td>3.26</td>
<td>3.74</td>
<td>3.31</td>
</tr>
<tr>
<td>Other</td>
<td>3.84</td>
<td>3.74</td>
<td>3.83</td>
</tr>
</tbody>
</table>

Source: Employee survey.
Knowledge and skills of workers in Baguio’s BPO sector

Workers emphasized how work in the BPO sector enabled them to acquire a combination of knowledge and skills, which added to their positive perception of employment. Overall, basic computer skills and business knowledge were most frequently mentioned as outcomes of workplace learning (Table 4A). The first was perceived as a foundational skill and did not give individuals an extra competitive edge over competitors in the labour market. The second was an occupation-specific asset and entailed domain specialization, making individuals more employable and creating opportunities for promotion. Another highly valued benefit of workplace learning was the improvement in English language capabilities. Significant differences in knowledge and skill formation were observed between the low- and medium-end and the high-end segment. Respondents in the low- and medium-end segment mainly experienced workplace learning as a way of contributing to one’s generic skills (e.g. communication skills, multi-tasking) and personal competencies (e.g. people management, interpersonal skills). In contrast, respondents in the high-end segment attached considerable value to the development of occupation-specific skills (e.g. business knowledge and technical knowledge).

Differentiating between entry-level and mid-level positions, Table 4B demonstrates how informal workplace learning in Baguio’s BPO sector is refined by upward mobility within the organizations. Respondents occupying mid-level positions especially valued advancements in people management and interpersonal skills, problem solving skills and management skills. The returns of career advancement in the BPO sector were the higher-level generic skills acquired during employment. These skills of BPO workers

Table 3. Future (5 years from survey date) career plans of respondents.

<table>
<thead>
<tr>
<th>Five years from now I...</th>
<th>Low- and medium-end (N=168)</th>
<th>High-end (N=20)</th>
<th>Total (N=188)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Still work in Baguio’s BPO sector</td>
<td>28.6 %</td>
<td>35.0 %</td>
<td>29.3 %</td>
</tr>
<tr>
<td>Work for a BPO elsewhere in the Philippines</td>
<td>3.0 %</td>
<td>0.0 %</td>
<td>2.7 %</td>
</tr>
<tr>
<td>Work in another sector in Baguio</td>
<td>4.8 %</td>
<td>10.0 %</td>
<td>5.3 %</td>
</tr>
<tr>
<td>Work in another sector elsewhere in the Philippines</td>
<td>6.5 %</td>
<td>0.0 %</td>
<td>5.9 %</td>
</tr>
<tr>
<td>Start my own BPO firm</td>
<td>1.8 %</td>
<td>0.0 %</td>
<td>1.6 %</td>
</tr>
<tr>
<td>Start my own firm in another sector</td>
<td>14.9 %</td>
<td>15.0 %</td>
<td>14.9 %</td>
</tr>
<tr>
<td>Work abroad</td>
<td>40.5 %</td>
<td>40.0 %</td>
<td>40.4 %</td>
</tr>
<tr>
<td>Total</td>
<td>100 %</td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Source: Employee survey.
were often unacknowledged (see Jenkins et al., 2010; Lloyd and Payne, 2009) but provided a crucial input for workers’ future employability.

**Intra-firm and intra-cluster labour mobility of employees**

Upadhya (2009) asserts that high inter-firm mobility and attrition within BPO clusters empowers employees to manoeuvre in a career-minded fashion through this segment of
the labour market. An instrumental aspect for a similar situation in Baguio was the prevailing environment of labour poaching with 60 per cent of the respondents having received a job offer from competing Baguio-based firms. For knowledge and skills acquisition, horizontal mobility was not beneficial for BPO workers as there was not much differentiation in activities between the main firms.

Despite BPO work being often associated with restricted opportunities for promotion, a large number of the respondents saw enough opportunities in this area within Baguio’s BPO sector, with only marginal differences between the low- and medium-end (86%) and high-end (78%) segments. The same picture was generated when analysing the average length of employment of the mid-level respondents before their first promotion. An average of only nine months in the low- and medium-end segment and one year in the high-end sector meant opportunities for upward labour mobility were available. The reason for this is the early stage of development of the sector in Baguio. In an emerging and rapidly expanding cluster, higher-level positions within organizations are achievable after only a short period of employment. This factor added to the positive evaluation of employment explaining why many workers expected to continue to work in the sector in the coming years if the objective of finding foreign employment could not be fulfilled. However, when the local sector matures these opportunities would certainly diminish.

**Employability outside BPO**

The analysis of knowledge and skills acquisition identifies two distinct employability paths of the surveyed workforce, which can be viewed as broader employability (low- and medium-end segment) versus specialization (high-end segment). Skill and knowledge accumulation in the low- and medium-end segment made the workforce more broadly employable, because they gained capabilities which are transferable from one business context to another. These employees carry with them a toolkit of portable skills, enhancing their flexibility and capability to self-sufficiently move through the labour market. For them, BPO work was a temporary phase in employment and a resource to avail themselves of generic skills deemed mandatory for reaching prospective career goals. High-end BPO workers developed and valued flexibility and transferable capabilities to a lesser extent. By contrast, these workers’ employability became more specialized as they largely developed occupation-specific skills. This entails a risky career strategy as it confines personal labour mobility to a particular set of employers in the local labour market. Nevertheless, they were willing to make these personal investments because high-end BPO work corresponded to their educational attainment and fostered individual competitiveness on the global labour market. For instance, the owner of an offshore software provider claimed, ‘Competition for local employees comes from companies in the US.’

BPO work spurs generic skills acquisition and is part of a strategic career approach. This contradicts arguments that BPO work does not provide any scope for personal skill upgrading and is a waste of youngsters’ formative years (Ramesh, 2004). A fundamental issue regarding the employability of low- and medium-end BPO employees is whether the generic skills and knowledge gained by performing routinized and
standardized work can be transferred to more complex work settings. For example, Thompson et al. (2001: 923) argue that call centre work improves knowledgeability in the work of employees, in the sense that they ‘develop an understanding of themselves that allows them to consciously use their emotions and corporeality to influence the quality of the service’. Although this ameliorates employees’ general employability, one cannot conflate knowledgeability in work with high-level knowledge work. Caution is therefore required when interpreting skills and knowledge gained in a low-level work context as transferable and applicable to a high-level work context. However, the argument heralded in this article — that BPO work is a purposeful transitory engagement — should provoke a more sophisticated and nuanced dialogue on labour impacts of service offshoring in developing countries.

**Conclusion**

Research on employment in the BPO sector often has a pessimistic undertone, with BPO work being described as low-skill, routinized and with limited opportunities for upward labour mobility. Combined with the segmented structures of access to employment in the BPO sector, this view illustrates the paradox of BPO work in developing countries: i.e. low-skill work performed by highly educated professionals. This study has demonstrated that this paradox applies to low- and medium-end functions in the Baguio BPO sector. However, using the concepts of employability and generic skills — with an emphasis on the acquisition of transferable skills and career opportunities — this study advocates a reinterpretation of the longer-term employment perspectives of workers who carry out this type of work. As a result, the analysis should focus beyond their current task and sector and should include how workers evaluate their future employment opportunities using knowledge and skills acquired during employment in the BPO sector.

This study demonstrates that BPO employees in Baguio who performed work of low and medium complexity did not realize their full potential on the labour market and carried out work unrelated to their academic training. While acknowledging this mismatch, employees in the low- and medium-end segment saw the BPO sector as a resource that can be tapped. They use the sector to strengthen their employability on the global labour market by improving generic skills such as communication and English language skills. Many of the surveyed employees perceived BPO work as a stepping stone to achieving their ambition of obtaining a job abroad. BPO work enhances their employability as it equips them with both generic skills and personal competencies, which are generally transferable from one employment context to another. Many workers saw their current employment as only one particular stage in their career rather than expecting the sector to provide them with opportunities for lifelong employment. An employee-based perspective that concentrates on generic skills acquisition and employability when analysing service sector employment led in this case to a more positive evaluation of employment quality. At the same time, the relative newness of the sector and its rapid expansion meant that workers have opportunities for vertical mobility in the local BPO sector. Some workers were promoted to the level of middle manager after only a short period of employment. This particular characteristic of early stage BPO clusters contradicts commonly held negative perceptions towards BPO employment. It illustrates that the
particular characteristics of the local labour market and how BPO work rates compared to local alternatives should be taken into consideration when evaluating the quality of employment.

This study demonstrated that BPO employees utilized the sector strategically to pursue their own employment agenda. Workers consciously pursued an employment path in which they recognized the generic skills that they could acquire during BPO employment. The employability strategies of these workers reflected notions of career self-management. This study follows Upadhya (2009) and Vira and James (2012) by positioning labour more positively in debates on service offshoring and shows that the individual agency of employees should be a central element in BPO labour research. The concept of employability, in which the responsibility for personal competitiveness and lifelong learning is placed in the hands of individual workers, should receive a more prominent role as a frame of reference in BPO research in developing countries. Longer-term monitoring of workers (including looking beyond their work in the BPO sector) would provide information on how workers can utilize in other professions the knowledge and skills that they have acquired from BPO work.

Acknowledgements
We would like to thank the editor and three anonymous reviewers for their detailed comments and advice. Furthermore we are thankful to the Cordillera Studies Centre of the University of the Philippines-Baguio for technical and administrative support during the fieldwork for this research.

Funding
The authors would like to acknowledge the support of the Netherlands Organisation for Scientific Research (NWO) whose award (grant number W 01.65.329.00 ) partly funded this research.

Note
1. Because there is only a very thin line between the low-end and medium-end categories, these categories are grouped together in the empirical analysis. Because three activities contain conflicting scores on several indicators, these were placed on the boundary of the low-end and medium-end categories (e.g. voice-based customer care is a relatively standardized task, but the level of training received is relatively high).

References


**Niels Beerepoot** is a lecturer and researcher at the Department of Geography, Planning and International Development Studies of the University of Amsterdam. His research interests include the new international division of labour in service production, employability, labour market segmentation and global production networks in service production. His current research concentrates on the expansion of the service outsourcing sector in India and the Philippines and the wider societal implications in both countries.
Mitch Hendriks graduated in human geography from the University of Amsterdam in 2010 with his thesis titled ‘Local outcomes of the changing international division of labour: the emergence of the offshore service sector in Baguio City, the Philippines’.

**Date submitted** September 2011  
**Date accepted** October 2012