INFORMATION AND COMMUNICATION TECHNOLOGY AND DECENT WORK:

LESSONS FROM THE GARMENTS, CALL CENTERS, AND BUSINESS PROCESS OUTSOURCING ESTABLISHMENTS

Institute for Labor Studies-Philippine
Department of Labor and Employment

Meeting on Joint Investigative Studies for Determining the Impact of Information and Communications Technology on Decent Work in the Asia and the Pacific Region
Bangkok, Thailand
02-03 December 2004.

Table of Contents

INFORMATION AND COMMUNICATION TECHNOLOGY AND DECENT WORK: LESSONS FROM THE GARMENTS, CALL CENTERS, AND BUSINESS PROCESS OUTSOURCING ESTABLISHMENTS[1]

CHAPTER 1: INTRODUCTION/BACKGROUND OF THE STUDY

The Philippine government is seeking ways to maximize the full potential of information and communication technology (ICT) to boost the growth of the economy. This is done primarily by laying the right infrastructure, enhancing the policy and legislative environment, further developing the country's human capital, accelerating the application of e-business and e-commerce, and expanding the use of electronic governance. This aspiration is envisioned in the Medium-Term Philippine Development Plan (MTPDP) for 2001-2004.

The MTPDP emphasizes the significance of utilizing ICT as a vehicle to pole-vault the country into the new economy. With ICT, the government hopes to bridge the digital divide between regions and communities in the country. At the same time, it is also seen as an effective tool in generating employment, thereby alleviating poverty.

The ICT industry has a significant presence in the Philippines. The industry is the expansion of the semi-conductor industry that flourished in the 1980s when the country became part of the global production network of multinational companies feeding the global market with ICT products, specifically, semiconductors. The industry evolved and has become an enabling technology for the development of the country. It is able to penetrate and converge business, industries, households, individuals and the government.

At present, the Philippines is being considered as one of the leading ICT services hub in the region given its comparative advantage in terms of skilled manpower, location, and wide range of ICT services it provides. Efforts aimed at pushing the sector in the economic frontline is paying off. For the past years, the ICT sector has been generating the much-needed income and employment opportunities in the country.

While this is a welcome development, the possibility that this condition might be reversed in the near future still lurks. For instance, the introduction of ICT in the workplace may result in the displacement of some workers as experienced by other countries. Moreover, instead of bridging the digital divide within the country and among countries such that more people enjoy the fruits of development, the divide may deepen and widen, such that the poor becomes poorer and the rich becomes

[1]/ Presented by Ms. Jeanette D. Tana, Officer-in-charge-Deputy Executive Director, of the Institute for Labor Studies (ILS) of the Philippine Department of Labor and Employment (PhilDOLE) during the "Meeting on Joint Investigative Studies for Determining the Impact of Information and Communications Technology on Decent Work in the Asia and the Pacific Region" held in Bangkok, Thailand in 2-3 December 2004.

richer. This global concern is explicitly raised in the World Employment Report of 2001 (ILO, 2001).

In view of the foregoing, this study attempts to look into the employment implications of ICT by looking into the magnitude of "decent state" of employment opportunities that the sector generates. Decent work is a broad concept introduced by the International Labor Organisation (ILO) in 1999 and adopted by the Philippine government in 2001, through the Employment Chapter of the MTPDP. Decent work means that rights at work are protected, adequate income is generated, social protection is provided for and participation in the democratic process is ensured through tripartism and social dialogue.

This study will focus on three ICT users – the garments industry, call centers and business process outsourcing (BPO) establishments. The garments industry is a labor-intensive industry and has been using ICT to keep up with the growing competition from abroad. What is the magnitude of ICT utilization in the sector? Has it helped in improving the state of decent work in the sector after it was introduced?

On the other hand, call centers and BPOs are fast-growing, ICT-intensive sector, output and employment-wise. However, several issues have also been raised concerning the unusual working conditions in the case of call centers and BPOs. How will the rapid growth in the sectors affect the state of decent work particularly in terms of employment opportunities and working conditions?

Objectives of the Study

The study aims to contribute to the understanding of the implications of ICT on decent work in the Philippines. Specifically, it aims to:

a) Discuss the extent of ICT in the country.
b) Discuss the employment contributions of the ICT sector.
c) Examine the state of decent work in the garments, call center and business process outsourcing companies.
d) Recommend policies to maximize the benefits from ICT.

Methodology

The study utilized both primary and secondary data. Respondents from the workers and management groups were interviewed to obtain first-hand information about the state of decent work in their respective establishments using the decent work indicators prescribed by the ILO (See Annex A for the questionnaire). The state of decent work was measured in terms of the relevant indicators including: employment, employability, access to technology, working conditions, balancing work and family responsibilities and social dialogue. These were supplemented by secondary information culled from related studies and reports.

Table 1 below shows the distribution of sample firms and interviewed respondents. A total of twelve firm-respondents were interviewed for each sector. The questionnaire for management was sent by e-mail or post to the head of the Human Resource Department while the questionnaire for workers was administered through an interview. For each firm, a total of three respondents were interviewed: two from the workers group and one from the management.

Table 1a: Distribution of Sample Firms

Type of Firm	Small	Medium	Large	Total
Garments	4	4	4	12
Call Center	3	0	9	12
BPO	5	1	6	12
Total	12	5	19	36

Table 1b: Distribution of Sample Respondents

Type of Firm	Small	Medium	Large	Total
Garments	8	8	8	24
Call Center	6	0	18	24
BPO	10	2	12	24
Total	24	10	38	72

Scope and Limitations of the Study

The respondent-samples were randomly selected. However, in the case of call centers and BPOs, some of the firms earlier selected for the survey declined due to various reasons: 1) firms find the issues being tackled quite sensitive; 2) hectic schedule; and 3) firms were transferring to another location. These firms have to be replaced making it difficult to ascertain whether the final sample is a random representative of the target population. The results, therefore, is not intended to depict a general picture of the working condition for the sectors.

Finally, this study is a pioneering attempt to document the state of decent work in ICT-using and ICT services provider firms. Although statistical measures of decent work are available at the macro level, only qualitative indicators may be used at the micro or firm level.[2] As such, the case studies are intended to generate general observations on the state of decent work on these firms on an exploratory basis. Hopefully, the findings of this study will serve as basis for further researches in the field of ICT and labor.

[2] See "Measuring Decent Work with Statistical Indicators" by Richard Anker, Igor Chernyshev, Philippe Egger, Farhad Mehran and Joseph Ritter. ILO, October 2002

Structure of the Research Study

The report is structured as follows: The second chapter presents a profile of the industry, including the extent of ICT use in the country. The third chapter discusses the employment share of the ICT sector. The fourth chapter presents the case study of the garments industry. The fifth chapter documents the case study of call centers and BPO establishments. And finally, policy implications and recommendations are proposed based on the insights generated from the study.

CHAPTER 2: INDUSTRY PROFILE

ICT are technologies associated with the transmission and exchange of data in the form of sound, text, visual images, and signals through the use of digital technology. It encompasses a wide range of services such as telecommunications, posts, multimedia, electronic commerce, broadcasting and information technology.

The ICT landscape in the Philippines is considered one of the bright spots in the region, and is observed to be improving over time. In early 2003, the META Group, a leading international IT think tank and consulting firm, gave the Philippines a CI ranking which means "developing with high potential for rapid evolution" in the META Group Telecom Maturity Model (MTMM).[3] This rating was two notches higher from its previous position of D (underdeveloped), thus placing the Philippines at par with India and ahead of other Asian contenders in the outsourcing business. With this, the Philippines is now considered as one of the fast growing Asian countries in international connectivity.[4]

The country's comparative advantage in this highly competitive field lies on its strategic location, lower costs of ICT services, and large pool of high quality personnel. This edge is enhanced with the implementation of various initiatives to further boost the sector. These include expanding the infrastructure, enabling the workforce, creating incentives to attract investments, and levelling the playing field. (Table 2)

Table 2. Philippine Comparative Advantage In ICT

Advantages	Initiatives
High Quality Personnel ▪ Literacy rate of 94% ▪ 350,000 college grad/year ▪ META ranked no.3 worldwide in knowledge workers ▪ 72% of population fluent in English; 3rd largest English-speaking country in the world ▪ service oriented; ability to interpret cultural nuances	**Expanding Infrastructure** ▪ High quality, low cost bandwidth, expanding domestic network (6 platforms available) - redundant international connectivity - deregulated telecom industry - dedicated ICT zones
Lower Costs ▪ labor costs account for 62% of call center operations worldwide ▪ cost differential vs. US & Europe	**Enabling the Workforce** ▪ enhancing high quality, English-speaking ICT literate workforce

[3] The MTMM provides a high level of characterization of a county's telecommunications market based on various criteria such as degree of privatisation, independent regulation, foreign-owned competition and accessibility of interconnection to the incumbent's infrastructure, availability of alternative infrastructure and enhanced services.

[4] DTI. *META Group Cites RP as Asia's Bright Spots for Outsourcing.* Press Release 07 July 2003

Advantages	Initiatives
Proximity to Markets ▪ convenient travel time and routes from North America and Europe ▪ centrally located in the Asian region ▪ hospitable lifestyle	**Creating Incentives, Level Playing Field** ▪ important and related sectors liberalized and deregulated ▪ investor incentives tailor-fit to respective needs ▪ improving policies to further bring down cost of doing business

Source: Department of Trade and Industry

ICT Establishments. ICT establishments operating in the country are categorized into three major groups, namely, producers, distributors, and service producing or providers.[5] Establishments classified as ICT producers are those engaged in the *manufacture* of electronic data processing equipment and accessories, insulated wire and cables; electronic valves and tubes, semi-conductor devices and other electronic components, television and radio transmitters and apparatus for line technology and line telegraphy, television and radio receivers, sound or video recording or reproducing apparatus, and associated goods; radar equipment, radio remote control apparatus; *publication* of: books, brochures, musical books and other publications, newspapers, journals and periodicals, recorded media; *reproduction of* video and computer tapes from master copies, floppy, hard or compact disks, film and video.

ICT distributors-establishments are those involved in the wholesaling of commercial machinery and equipment, and retailing of radio and television, including parts and accessories, and retailing of computer peripherals and accessories.

Meanwhile, ICT establishments' producing services cover those engaged in telephone service, telegraph service, facsimile/telefax service, telex service, hardware consultancy, software consultancy and supply, software development, data processing/conversion, data base activities, other computer related activities, research and experimental development in information technology, public technical and vocational secondary, public technical and vocational post-secondary non-degree education, public higher education, private technical and vocational secondary education, private technical and vocational post-secondary non-degree education, private higher education, motion picture, video production and video distribution, television broadcasting and relay stations and studios including closed circuit television services, and radio and television program production.

The results of the NSO Annual Survey of Establishments showed that over a decade, the number of ICT establishments operating in the country grew steadily at annual rate of 9.6 percent, from 6,585 in 1990 to 12,944 in 2000. However, it dipped by 2.8 percent or 364 in physical terms in the following year (2001). The decline in the number of ICT establishments can be attributed to the global bubble burst of ICT in 2001, resulting into folding-up of establishments.

[5] Classifications are based on the 1997 Philippine Standard Industrial Classification (PSIC)

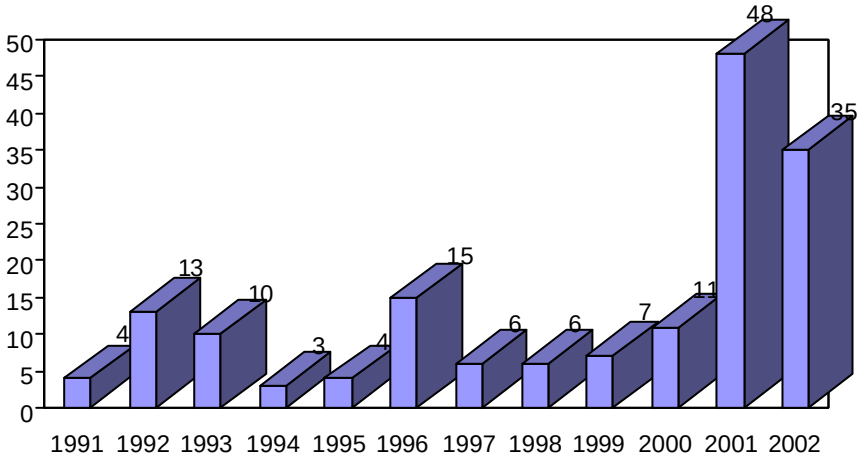
By establishment size, a large chunk of ICT establishments are comprised of micro enterprises (57.3%) employing 1-9 workers followed by small establishments (35.4%) employing 10-99 workers. Medium (3.9%) and large (3.3%) establishments constitute only a very small percentage of the total ICT establishments operating in the country.

In terms of ICT-type of services, 53 percent of the establishments are ICT providers, 33.7 percent are ICT producers, and 13.3 percent are ICT distributors. Over the period of ten years, the share ICT establishment-providers to total ICT establishments operating in the country slide down by 3.3 percentage points, from 53.4 in 1990 to 50.1 percent in 2000. From 34.5 percent share to overall ICT establishments, the proportion of ICT-producers establishments declined to 32.1 percent in 1995, but successfully rebounded to 34.5 percent in 2000. Establishments engaged in the distribution of ICT tangibles, on the other hand, exhibited an upward trend for the period, from 12.1 percent in 1990, it inched up 12.3 in 1995, and again moved up to 15.4 percent in 2000.

As of 2001, ICT providers constitute 49.4 percent, ICT producers 35.1 percent, and ICT distributors 15.5 percent, of the total ICT establishments in the country.

Investments in ICT. Based on the time-series data on IT projects registered with the Board of Investments (BOI), IT projects in the country have been increasing over time despite observable decline in some years. Large turn-outs of projects were observed in recent years particularly in 2001 and 2002 (Figure 2)

Figure 2. Number of BOI Registered IT Projects 1991-2002



Source: Board of Inverstments

Over the period (1991-2002), a total of P19.6 billion pesos of investments were realized, and which in turn, have generated an estimated 41,098 jobs.

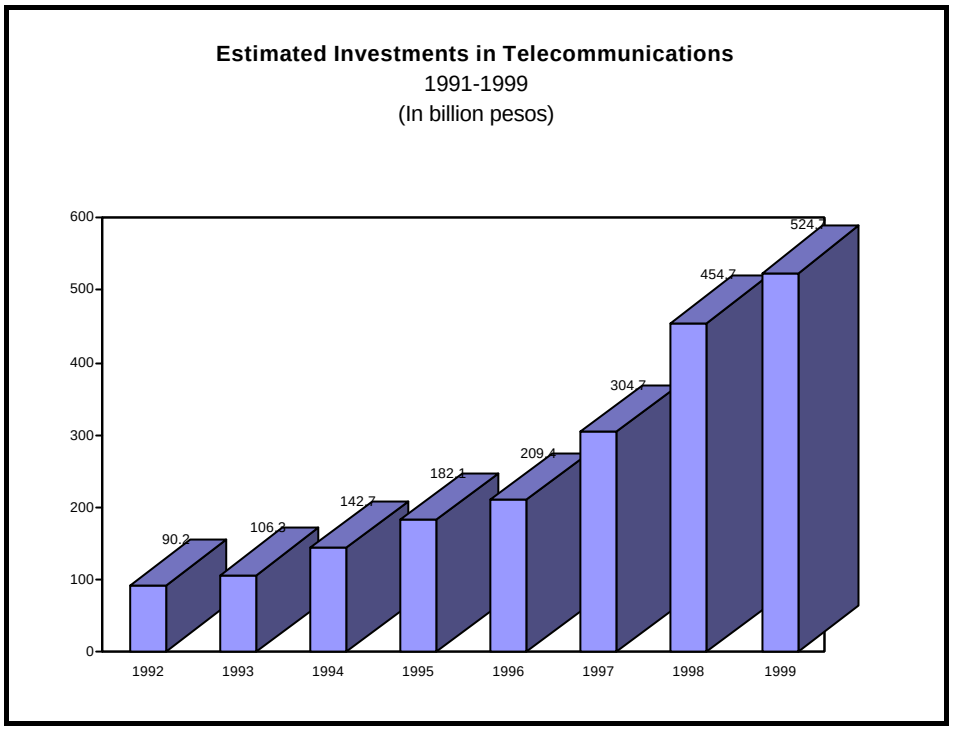
Table 3, on the other hand, provides a picture of IT subsector investments configuration for the last decade. The data show that large chunks of IT investments went into software development, data centers, data conversion and transcription, customer contact centers, engineering and design, other IT services, and application service provider.

Table 3. Distribution of IT Investments

IT Subsector	Total Number of IT Projects (1991-2002)
Animation	1
Application Service Provider	8
Business Process Outsourcing & Shared Services	5
Customer Contact Centers	14
Data Centers/Data Conversion & Transcription	16
Education and Manpower Development	2
Engineering and Design	15
Internet Service Provider	3
IT-Enabled Services	1
Other ICT Support Activities	2
Other IT Services	18
Software Development	74
Web Development and Management	3

Source: Board of Investments (BOI)

Telecommunications. The deregulation of the telecommunications sector in 1987 have paved for the phenomenal growth of the sector. The deregulation has encouraged foreign investors to invest in the country and build partnerships with local companies. In 1999, total investment in telecommunications rose to P524.7 billion from P90.2 billion in 1992, registering an increase of 480 percent over the period (Figure 2).



Electronics. Figures from the Semiconductor and Electronics Industries of the Philippines showed that by the end of the third quarter of 2001, electronics investments registered in PEZA have reached P20.41 billion while P9.59 billion were registered with the BOI.

Business Process Outsourcing. This essentially entails paying another company to provide services which a company might otherwise have employed its own staff to perform. These cover a gamut of business activities such human resources (e.g., payroll/benefit processing, training and development, hiring and staffing, employee benefits), sales, marketing and customer service (e.g., customer service and analysis, call centers, customer information services); payment services (e.g., loan administration, credit/debit card services, check processing), logistics (e.g., inventory and warehousing, industry management, order fulfilment/procurement, transportation and distribution), finance and administration (e.g., document administration, billings, claims processing, accounts receivable, accounts payable, general ledger, accounting services and shareholder services), medical transcription and animation.

Based on the report of Giga, one of the leading IT research organizations, the Philippines is one of the top three global outsourcing provider-countries.

ICT Contributions to the Local Economy. In 2001, ICT contributed 4.2 percent to the country's Gross Domestic Product. Total expenditures in ICT for 2001 reached US$ 3.13 billion, compared to less than two billion dollars in 1995 (Table 4).

Table 4. ICT Expenditures

Indicators	1995	2001
Total ICT ($ millions)	1,933	3,131
ICT as % of GDP	2.6	4.2
ICT per capita ($)	28.2	40.5
GDP growth (1990-95 and 1995-2001,%)	2.2	3.2

Source: Development Data Group, World Bank

About 70 percent of the country's total exports came from the ICT industry. Exports of ICT products particularly electronics reached US$27.2 billion in 2000 from US$19.9 billion in 1998 (Table 5). Many of the ICT-related manufacturing activities in the country are relocated production facilities of Japanese firms.

Table 5. Philippine Electronics Export

Year	Export (in US$ billion)	Percent Share
1998	19.891	67.44
1999	25.413	72.54
2000	27.178	71.38
2001	18.239	67.87

Source: Department of Trade and Industry.

In terms of structure vis-à-vis Southeast Asian countries, the Philippine ICT industry is still highly concentrated in the export of semiconductors and electronic microcircuits compared to its neighboring countries. For the period 1991-97, around 80 percent of the country's total exports are essentially comprised of semiconductors and electronic microcircuits. Meanwhile, countries like Malaysia, Singapore and Thailand have diversified into semiconductors and computer hardware; Indonesia in telecommunications equipment, computer hardware and other ICT products; and South Korea in semiconductors and computer hardware. Hong Kong and China's ICT exportables, on the other hand, are fairly distributed among the different product line (Table 6). This suggests that the Philippines has yet to boost its other ICT exports, and tap the opportunities offered by the global market for other ICT products.

Table 6. Structure of ICT Exports in Selected Countries, In %, 1991-1997

	Computer	Semi-	Tele-	Other ICT

Country	Hardware	conductors	communications	products
Indonesia	25.2	12.1	39.0	23.7
Philippines	***8.2***	***80.6***	***9.2***	***2.0***
Malaysia	24.5	54.4	18.5	2.7
Thailand	44.0	29.0	14.2	12.9
Singapore	49.1	29.6	12.2	9.1
S. Korea	19.2	52.0	14.6	14.3
Hong Kong	23.8	34.4	20.7	21.2
China	25.5	9.7	29.8	35.0

Source: UN Conferences on Trade and Development

Infrastructure Development

***Telecommunications*.** The National Telecommunications Commission reported that the total number of main lines installed in 2002 dropped by 0.34 percentage points, from 6,938,762 in 2001 to 6,914,235. This situation can be magnified in the drop in tele-density[6] to 8.70 from 8.91 in 2001 which is mainly due to the increasing popularity of cellular phones. Meanwhile, Cellular Mobile Telephone Service (CMTS) subscription reached a subscriber base of 15.2 million in 2002 from 1.34 in 1997. The uptrend in mobile subscription more than supplements the drop in tele-density. (Table 7)

Table 7. Growth in Telephone Service and Telephone Density Index

Year	No. of Mainlines	% Increase	Telephone Density
1995	1,409,639	47.50	2.01
1996	3,352,842	237.85	4.66
1997	5,775,556	172.25	8.07
1998	6,641,480	114.9	9.08
1999	6,811,616	2.56	9.12
2000	6,905,692	1.38	9.05
2001	6,938,762	0.48	8.91
2002	6,914,235	-0.35	8.70

Source: National Telecommunications Commission

Among the regions in the country, the National Capital Region has the highest number of telephone lines per 100 people. With a population of 10.7 million, tele-density in NCR stood at 26.47 in 2002. Tailing behind NCR are other highly urbanized regions in the country such as Regions 4, 7 and 11. Region 2, on the other hand, registered as the region with the lowest tele-density of 1.36 (Table 8).

Table 8. Landline Telephone Density, By Region

[6] Telephone density is defined as the number of telephone lines per 100 people

REGION	Telephone Distribution			
	1999	2000	2001	2002
CAR	6.43	6.29	6.57	6.44
NCR	***29.63***	***29.07***	***26.56***	***26.47***
I	6.31	6.20	4.59	4.26
II	1.50	1.47	1.30	1.36
III	6.82	6.68	5.32	5.09
IV	***9.23***	***9.61***	***9.60***	***9.40***
V	2.92	2.87	2.44	2.75
VI	5.34	5.24	6.69	6.78
VII	***8.93***	***8.76***	***8.34***	***7.96***
VIII	2.67	2.68	4.33	4.23
IX	5.21	5.09	5.15	5.03
X	3.92	4.25	7.19	6.69
XI	***6.54***	***6.38***	***8.68***	***7.81***
XII	2.79	2.87	3.00	3.04
XIII	---	---	4.73	4.63
ARMM	2.26	2.22	1.82	1.80
TOTAL	**9.12**	**9.05**	**8.91**	**8.70**

Source: National Telecommunications Commission

Compared to other countries in Asia, the telephone density in the Philippines (9.1) is relatively higher than Thailand (8.7), India (3.2), and Indonesia (3.1). However, it considerably paled in comparison vis-à-vis Korea (46.4), Malaysia (46.4) and Singapore (48.5).

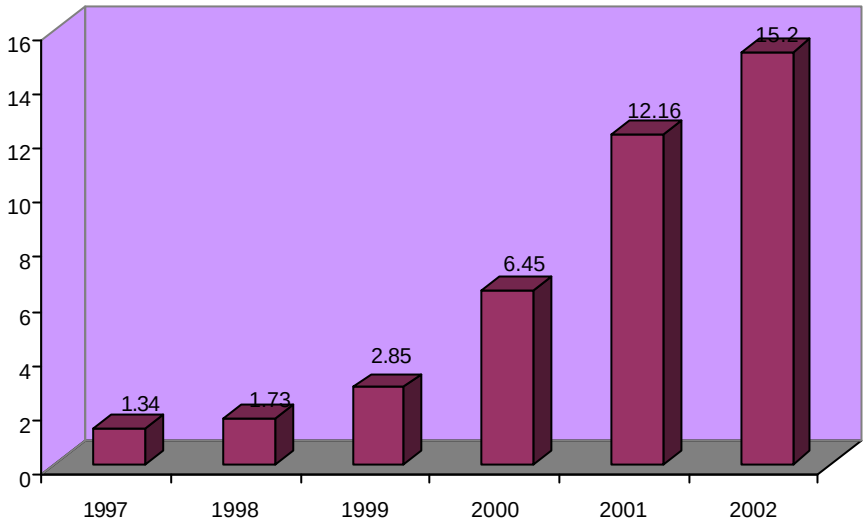
Table 9. Landline Telephone Density, Selected Countries

COUNTRY	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*
Singapore	47.8	51.3	54.2	56.2	48.2	48.5
Korea	41.2	43	44.4	43.2	43.8	46.4
Malaysia	16.5	17.8	19.4	19.7	20.3	19.9
Philippines	***2.01***	***4.66***	***8.07***	***9.08***	***9.12***	***9.05***
Thailand	5.8	7	8	8.3	8.6	8.7
India	1.3	1.5	1.8	2.2	2.7	3.2
Indonesia	1.7	2.1	2.4	2.7	2.9	3.1

Source: World Bank, International Telecommunications Union, NTC

Meanwhile, subscription of Cellular Mobile Telephone Service steadily increased (Figure 3). From a 1.34 million subscribers base in 1997, it ballooned by 11 times reaching 15.2 million in 2002. Because of the exceptional growth in CMTS subscription, the Philippines have been dubbed as the "text (short message service) capital of the world."

Figure 3. Cellular Mobile Telephone Service Subscription, 1997-2002 (In million)



Note: Data for 2002 - preliminary
Sources: NTC; Socio-Economic Report 2002

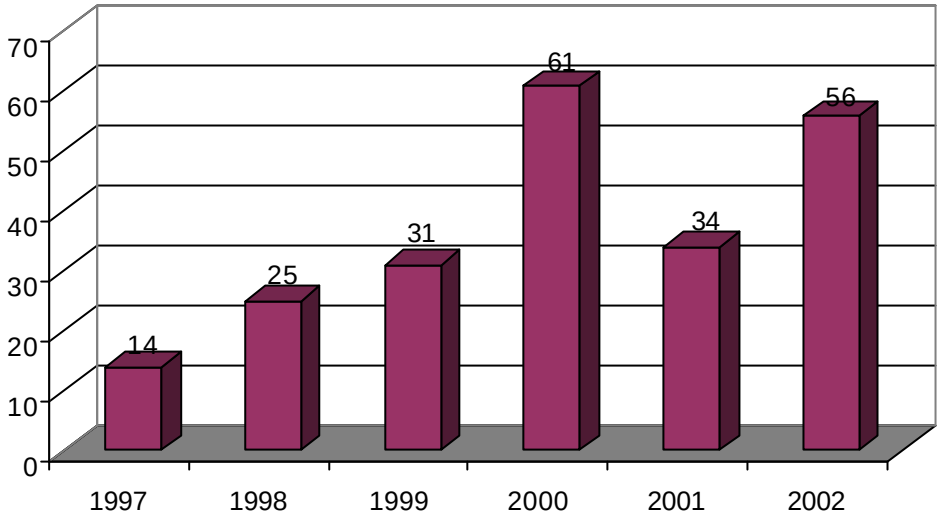
Personal Computer Penetration and Internet Access. Likewise, the number of Internet users in the country steadily increased. According to the International Data Corporation, the estimated number of Internet users reached 4.31 million in 2001, from 2.88 million in 2000, posting an increased of almost 50 percent. Meanwhile, most recent report from AC Nielsen showed that as of June 2002, the number of internet users reached 3.4 million. Of which, 1.3 million are occasional users and 935,000 are regular users (those who use the Internet at least once a week). The introduction of prepaid Internet access cards, which result into lower access costs compared to ISP subscription has allowed users to go online in Internet kiosks.[7]

Magnitude in the Use of E-Commerce. To determine the magnitude of E-commerce use of ICT among SMEs in the country, the Digital Philippines Foundation conducted a survey among 498 SMEs in Metro Manila, Cebu and Davao. The survey results showed that 35.7 percent of the firms have used websites primarily for promotion and advertising, 27 percent are into actual selling or purchasing of goods and services online, while only 5 percent make use of Internet banking, primarily to check balances and transfer funds. Security and privacy concerns constrain users to go into online payment transactions. In a larger scale, the findings implied that usage of ICT services in the country have yet to be maximized, and that ICT services have to be further expanded.[8]

[7] NEDA. Socio-Economic Report 2002. Chapter 3, pp.40-41
[8] Ibid.

The burgeoning demand for internet did not escape the attention of the business community. From 14 registered ISPs operating in the country in 1997, the number of ISPs quadrupled into 56 by 2002. However, it was in 2000 when a record high of 64 ISPs were registered (Figure 4).

Figure 4. Number of Registered Internet Service Providers, 1997-2002



Source: NTC

Internet hosts or the number of computer with active Internet protocol addresses in the country is likewise on the uptrend. In year 2002, Internet hosts per 10,000 people rose to 4.0 from 2.21 in 2000 (Table 10). Though this is a positive development, statistics would show the efforts have to be further intensified in order to catch up with its neighboring countries notably Malaysia and Thailand.

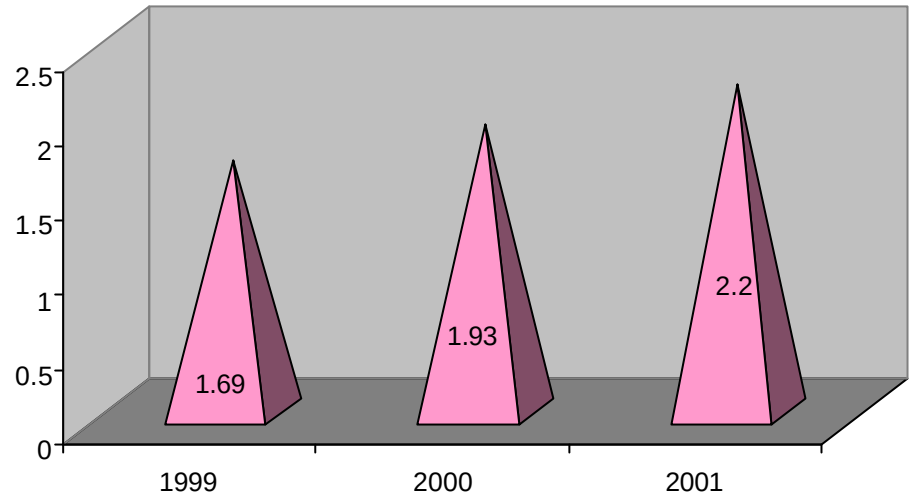
Table 10. Number of Internet Hosts per 10,000 People, Selected Countries

Country	1995	1996	1997	1998	1999	2000
Singapore	76.24	78.72	159.92	151.59	262.81	385.73
Japan	21.47	58.40	75.79	106.97	163.75	269.25
Korea	6.51	14.55	26.78	37.65	55.52	100.65
Malaysia	2.03	11.93	18.71	18.38	23.53	27.55
Thailand	0.68	1.57	2.15	4.26	4.6	8.84
Philippines	***0.25***	***0.52***	***0.6***	***1.04***	***1.34***	***2.21***
Indonesia	0.12	0.49	0.54	0.52	0.76	1.15
India	0.01	0.03	0.03	0.11	0.18	0.32

Source: World Bank

According to the International Communication Union, PC penetration per 100 people in the country steadily went up from 1.69 in 1999 to 1.93 in 2000, and settled to 2.2 in 2001 (Figure 5).

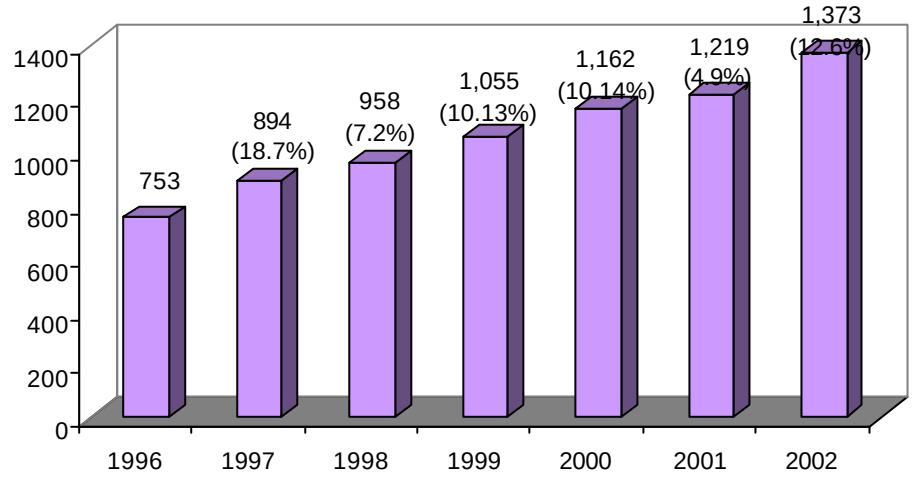
Figure 5. PC Penetration Per 100 People



Source: International Communication Union

Coverage of Cable Television (CATV) Networks. Cable Television continues to expand as well. The number of CATV increased from 753 in 1996 to 1,373 in 2002, posting an increase of 10.6 per cent (Figure 6).

Figure 6. Number of CATV Networks, 1996-2002



Note: ( ) growth rate
Source: NTC

ICT Education and Training

The Philippines is abound with skilled ICT workers. This can be largely attributed to the combined initiatives of the government and private sectors in enhancing the country's comparative advantage.

Graduates. The Commission on Higher Education reported that enrolment in ICT and ICT related courses reached 619,099 for school year 2001-2002, posting a 5.2 percent rise, from 588,745 enrolees recorded for SY 2000-2001. Total number of graduates in ICT and ICT related courses, on the other hand, slightly went up to 73,645 in SY 2000-2001 from 73,351 in SY 1999-2000. The graduates basically completed courses in ICT and related courses, engineering and technology, and mathematics.

Institutions. As of September 2000, there are about 1,139 Higher Educational Institutions (HEI) offering ICT and ICT-related courses. Majority of the institutions are privately managed schools, and have taken advantage of the ICT boom by mostly offering courses on IT. Meanwhile, most of the state universities and colleges are providing courses in engineering and technology.

The Asian Computer Directory noted that the Philippines rank second among Asian countries in the number of training facilities offering computer programming and other computer-related courses.

HRD Policies and Programs in ICT. This development coupled with a number of capability-enhancing initiatives has placed the country in the league of big players in the industry on a global scale.

The Philippine government has deliberately advanced the use of ICT courses in all levels of education. The Department of Education (DepEd) implemented the 2002 restructured Basic Education Curriculum wherein learning areas in basic education was reduced from 8 to 5 subjects, to increase student contact time for Science and Math. The revised curriculum also features the reintegration of ICT in 5 subjects. In line with this, computer-based teaching modules and instructional materials in Science and Mathematics are distributed.

In 2002, a total of 534 public schools in Luzon, 226 in Visayas, 234 in Mindanao were given personal computers (PCs) under the "PCs for Public High School" project which provides brand new computers to nearly 1,000 public high schools nationwide. The undertaking is a joint project of the Philippine Departments of Education, and Trade and Industry, and Japanese Government. So far, around 224,000 senior students representing 30 percent of all public high school seniors, and 1,000 teachers have benefited from the project.

Table 11. Number of HEIs Offering ICT and ICT Related Programs/Discipline, By Type (Including campuses)

Program/Discipline	SUC	Private	Total
Mathematics	37	42	79
Engineering	100	240	340
Technology	74	30	104
Information Technology	64	552	616
TOTAL	**275**	**864**	**1,139**

Source: CHED, State Universities and Colleges Rationalization Study (Sep.2000)

The Department of Education together with Intel Philippine Manufacturing Incorporated (IPMI) has developed a training program dubbed as "Intel Teach to the Future Program" which shall benefit some 21,000 public school teachers.[9] The project aims to equip teachers with knowledge and strategies towards the use of computers to deliver the contents of the core subject areas. To date, there are about 10,000 public school teachers who already benefited from the program.

Another major initiative of the Philippine government is the GMA ICT Scholarship and Certification Voucher Program, which gives opportunity to the underprivileged but bright individuals to acquire careers in ICT. Specifically, the program aims to extend financial assistance to bright and deserving students for training and certification in critical occupations needed by the ICT sector, and to establish a pool of certified ICT workers who meet international standards. Scholars can choose from any of the following courses: customer care/contact center training; web development and administration; computerized medical/legal transcription; computer animation; and CAD training computerized engineering design.

Meanwhile, in order to educate public school students located in far-flung areas in the country in I.T, the Department of Science and Technology-Science and Education Institute (DOST-SEI) started deploying 4 Mobile IT Classroom (MITC) units in various schools in the country. The MITC is a special classroom housed in a 32-seater air-conditioned equipped with notebook computers and audio-visual facilities. At present, a total of 171,785 pupils from 2,457 schools have gained education in I.T through these MITCs.

The joint undertakings of public and private sectors in strengthening the capability of the country's ICT workers has indeed paid-off. Filipino ICT workers are now acknowledged as one of the best group of workers in such a highly competitive field. Evidence of this is the number of citations bestowed on them.

In a ranking of skills proficiency made by the META Group, a leading international IT think tank and consulting firm, the Philippines placed 3rd in producing knowledge jobs in 2001. In 1999, it ranked 1st in the knowledge category which included qualified engineers, availability of ICT skills and higher education enrolment.

Meanwhile, the encouraging results of the IMD World Competitiveness Report 2002 again attest to the sterling performance of the Filipino workers. The IMD World Competitiveness Report 2002, in particular, showed that out of the 49 developed and developing countries, the Philippines ranked 1st in terms of availability of skilled labor, 3rd in terms of competent managers, 4th in terms of skills in finance, 14th in terms IT proficiency, and 7th when it comes to the flexibility of people.

***E-Business/E-Commerce**

The country ranks second, next to India among Asian countries in making a bid for the global call center market. It is also strategically establishing itself as a service provider of back-office business processes such as human resource management; accounting; purchasing and inventory control, among others.

[9] Department of Education. The Partner. May-August 2002, p.1

The Philippine Department of Trade and Industry has been aggressively promoting the country as an ICT outsourcing center in the region given its comparative advantage in terms of manpower, cost of doing business, and location. In particular, these outsourcing services include business process outsourcing (BPO), customer contact center, software development, animation, and data transcription.

Currently, there are 13 companies in the country engaged in BPO specifically in financial and accounting services, 30 in call center services, 42 in software development, 38 in engineering design, 13 in animation and 14 in data transcription services.

Meanwhile, the Philippine National Telecommunications Commission has identified 7 information technology hub areas where the telecommunications industry can establish high-speed networks and connectivity. These are Pasig/Ortigas Central Business District, Makati, UP-Eastwood Quezon City, Alabang/Parañaque-Filinvest, Subic Bay Metropolitan Area, Clark Development, and Cebu Business District.

Aside from this, there are 17 ICT parks in Metro Manila and Cebu City. These are:

1. Eastwood City Cyber Park, Quezon City
2. Northgate Cyber Zone, Alabang, Muntinlupa City
3. E-Square, fort Bonifacio Global City, Taguig
4. RCBC Plaza IT Park, Makati City
5. CCTC IT Park, Cebu City
6. PBCom Tower, Makati City
7. Cebu Cyber Town IT Park, Mactan Cebu
8. Bonifacio Information Special Technology Zone, Fort Bonifacio, Taguig
9. Robinson's Cyber Park, Mandaluyong city
10. Summit One Office Tower, Mandaluyong City
11. Araneta Cyber Center, Cubao, Quezon City
12. UP Science and Technology Park (North), UP Diliman Quezon City
13. UP Science and Technology Park (South), UP Diliman Quezon City
14. Philamlife IT Building, Muntinlupa city
15. Allegis Information Technology Park, Laguna
16. G.T. Tower International, Makati city
17. Pacific Information Technology Center, Parañaque City

***E-Governance**

The Philippine bureaucracy has been at pace in keeping up with the rapid changes in information and communication technology.

Based on a survey of the National Computer Center (NCC) as of September 2001, 361 national government agencies (NGAs) are connected to the Internet as compared to 232 in 2000. The figures considerably improved in 2003 reaching 373. All the 373 NGAs have their own websites.

Of these 373 NGAs, 218 or 58.4 percent are now in stage 1, or the Emerging Web Presence; 93 agencies or 24.9 percent are in Stage 2, or Enhanced Web Presence Stage; while 16.4 percent or 61 agencies are in Stage 3, or the Interactive Web Presence Stage. So far, the Bureau of Internal Revenue is the only agency that has reached Stage 4, or the Transactional Web Presence, a website that allows users to directly access services and conduct online transactions.

Other government entities such as state universities and colleges (SUCs), and local government units are likewise on the process of completing their networking projects geared towards enhancing communication, providing easier access to information, and faster delivery of services. This positive development can be attributed to the passage of the E-Commerce Act.

Table 12. Government Institutions Connected to the Internet (As of September 15, 2001)

Government Institutions	Total Number	Connected to the Internet	With Official E-Mail Address	With Websites
National Government Agencies	373	361	343	373*
State Universities and Colleges	357	21	21	9
Provincial Governments	79	9	9	5
Cities and Municipalities	1,616	29	29	12
Total	**2,428**	**420**	**402**	**399**

Source: National Computer Center

*Figure in NGAs with websites as of April 2003

In compliance with the E-Commerce Act, DTI has directed all government agencies to submit an E-Commerce Action Plan to assess their readiness to conduct online transactions. To date, DTI has reviewed the plans of 92 agencies, and with 37 agencies still subject for validation.

The World Economic Forum's Global Competitiveness Report of 2001-2002 reveals that the Philippines' rating in ICT business and government environment is not far from the rank obtained by countries in East Asia and Pacific Region. The country garnered higher points in the areas of competition in internet service providers (4.8) as well as in terms of having laws relating to ICT use (4.1).

Table 13. ICT Business and Government Environment, 2000

	Philippines	East Asia and Pacific
Internet Speed and Access	3.3	3.5
Internet Effects on Business	3.4	3.7
Highly-Skilled IT Job Market	3.2	4.5
Competition in ISPs	4.8	4.5

Government Online Service Availability	2.3	2.8
Laws Relating to ICT Use	4.1	3.3

Note: ratings from 1 to 7; 7 is highest
Source: Global Competitiveness Report 2001-2002, WEF

To nurture the impressive performance of the ICT sector in succeeding years, the Philippine government through the National Telecommunications Commission (NTC) issued a number of policies in the nature of memorandum circulars (MCs). These include:

- MC 05-05-2002 which allows duly enfranchised public telecommunications entities (PTEs) to provide high-speed networks, services and connectivity in 8 identified ICT hubs. The circular also provides for deregulated rates in these areas, which are expected to result into more competition and lower cost of connectivity;

- MC 08-07-2002 (Rules and Regulations Authorizing Entities to Install and Operate Public Calling Stations/Offices and Telecenters) facilitates universal access as it encourages micro, small and medium enterprises (MSMEs) to invest in the provision of public calling station and telecenters particularly in unserved rural areas;

- MC 09-07-2002 (Implementing Rules and Regulations for Specific Guidelines for Competitive Wholesale Charging for Interconnect Services) aims to promote and encourage interconnection between and among all the telecommunications carriers;

- MC 07-06-2002 addresses the prevalence of dropped calls. It specifically provides for the service performance standards for the CMTS.

Aside from these, there are several pending bills at both houses of Congress which are intended to enhance and strengthen the performance of the sector. These include: the creation of the Department of Information and Communication Technology (DICT), and Information Technology Authority (ITA); the convergence bill; and the cybercrime bill.

The DICT shall serve as a superbody governing ICT policies and development in the country whereas the ITA shall absorb existing agencies such as Telecommunications Office, the National Computer Center and other offices of DOTC dealing with ICT. The convergence bill, on the other hand, seeks to allow the convergence of telecommunications, broadcast media and broadband facilities of cable television for two-way communication for faster, wider and more affordable public access to ICT and Internet. Meanwhile, the draft bill on cybercrime seeks to create a body that would provide protection against hi-tech crimes to be known as the Cybercrime Investigation and Coordinating Council, which shall be directly under the control of and supervision of the Office of the President.

CHAPTER 3: ICT AND DECENT WORK

The 2002 Global Employment Trend Report shows that the Philippines has the highest unemployment rate in Southeast Asia. For the last decade, the country's unemployment rates ranged from 8 percent to 10 percent, and in recent years, it went up to as high as 12 percent.

The poor unemployment performance of the domestic labor market can be attributed to a number of related factors, namely, high population and labour force growth rates. The labor force is continuously expanding as a result of the high fertility rates experienced in the past three decades, which have resulted in rapid increase in the Philippine population that is comparatively high even by international standards.[10]

Consequently, the working-age population expanded at an equally fast rate. This, combined with the sluggish growth of the economy,[11] has resulted in increasing unemployment rate, which is one of the highest in the region. Meanwhile, the paucity of job opportunities particularly in wage employment has prompted many workers to seek employment in the informal sector wherein terms and conditions of work are characterized as exploitative and inhumane in nature.

The quality of employment opportunities is pressing issue. The incidence of underemployment has been perennially high, averaging double-digit level. As such, the challenge faced by the economy is to create and preserve full, decent and productive employment opportunities.

The MTPDP identifies strategic sectors that would allow the economy to partake a share in the benefits of the so-called knowledge-based economy including the generation of much-needed decent employment opportunities. One of these sectors is the ICT sector.

In the evolving knowledge-based economy, policymakers view ICT as a vehicle to realize the vision of progress and prosperity, and an industry that should be exploited in terms of addressing the country's fundamental problems like unemployment, low productivity, inefficiencies and lack of transparency in government transactions, and deteriorating quality of education and manpower development.

At the global scale, the ILO World Employment Report 2001: Life At Work in the Information Economy, however, depicts a grim scenario. The Report revealed that "despite the communication revolutions taking place in the world today, increasing numbers of workers are unable to find jobs or gain access to the emerging technological resources needed to ensure productivity in an increasingly digitalized global economy." This observation was seconded in the latest World Employment Report, which says that ICT revolution is resulting in a widening global "digital divide" given its varying speed of diffusion in the wealthy and poor countries.

[10] The country's population exceeded 80 million last year. It has one of the highest population growth in Asia at 2.36 per cent annually. Of these, 760,000 enter the labour force annually (Calucag 2003:8).

[11] 'The economy is not growing enough to generate enough jobs. Four to five percent GDP growth is not enough to bring down unemployment…For unemployment to fall to about 8.0 percent at 3.5 percent labour force growth, the economy should grow by at least 7.0 percent for a sustained period of four years (ILS 2003:17)

It further asserts that unless it is not addressed swiftly, the employment aspirations and productivity potential of millions of workers in developing countries, in particular, cannot be realized.

The Report revealed that ICT could have a far-reaching impact on the quality of life of workers in poorer countries if the right policies and institutions are in place. Specifically, this requires the presence of the following: a coherent national strategy toward ICT, the existence of affordable telecom infrastructure, and the availability of an educated workforce. So far, some East Asian economies such as China, Malaysia, Thailand, and Philippines, have been able to make rapid progress by utilizing ICT in pole-vaulting their economies. For instance, these countries were able to make significant strides in high-tech areas as well able to capture a significant share of the world market for semi-conductors and other data-processing equipment. But aside from this, another equally pressing question should be addressed. Has the introduction of ICT able to create full, productive and decent employment opportunities?

ICT Employment

As mentioned earlier, the ICT sector plays a very critical role in revving up the Philippine economy. In particular, the sector is envisioned to help "leapfrog the economy" into greater heights given the country's comparative advantage. Gauging from the sector's performance in recent years, it was able to do so especially in terms of output. But another major point of consideration is its contribution to employment.

Over the last ten years (1990-2000), the number of employees engaged in ICT activity grew by as much as 9.6 percent, similar to the pace of growth of ICT establishments. In absolute terms, the total number of employees working in the ICT establishments in the country nearly doubled, from 249,328 in 1990 to 489,115 in 2000. In 2001, total number of employees went up by 5.1 percent, reaching 514,313.

Configuration of employment by size of establishments shows that a little more than 50 percent of employees can be found working in large establishments while some 27.6 percent worked in small establishments. Meanwhile, nearly 15 percent of ICT employees worked in medium-sized establishments while 6 percent worked in micro establishments.

In the span of ten years, the proportion of employees working in large ICT establishments has been steadily increasing, from 43.7 percent in 1990, it moved up to 49.2 percent in 1995, and then leaped to 62.3 percent in 2000. In 2001, close to two thirds of total ICT employees are lodged in large establishments. Employment in medium-and small-scale establishments, on the other hand, was observed to be in the downtrend. Micro-enterprises' employment of ICT workers was likewise inching up, from 5.9 percent in 1990 to 6.0 percent in 1995, and slightly moving up to 6.9 in 2000. In 2001, however, its percentage share of employment dipped to 6.4 percent.

Cross tabulation by establishment size and by ICT industry-type showed that only ICT producing-large establishments has been creating employment opportunities given its increasing share of employment. The same configuration can

be observed among large establishments operating as ICT distributors and service-providers. Employment generation in the micro, small, and medium establishments (McSMEs) engaged in all ICT type of services have declined over the last ten years.

Employment Prospects

In a forum on the viability of pursuing a career on IT organized by Carnegie Technology Education,[12] the industry's local IT gurus asserted that the employment prospects for ICT will remain bright in the coming years despite the gloom in the IT economy. The encouraging prospect is based on a recent study made by International Data Corporation, which project a 9.5 percent annual growth in IT employment from 2001 to 2005. Employment opportunities are expected to come from the projected growth in the demand for hardware (36%), software (81%) and in IT applications (62%). The study maintained that this scenario specifically applies to Asia.

Meanwhile, Japanese Information Technology Standards Examination-Philippines (JITSE-Phil) Foundation announced that Japan shall be needing the services of 50,000 ICT workers from its neighboring countries.[13] Filipino ICT workers hope to capture a considerable share of the job opportunities. A memorandum of understanding (MOU) has been signed between the Japan Information Technology Engineers Examination Center (JITEC) and the JITSE-Phil Foundation to formalized the mutual recognition of ICT professionals between Japan and the Philippines through the regular conduct of the JITSE-Phil certification exam.

Meanwhile, there seems to be a shortage of ICT applicants as ICT job openings posted in the Phil-Jobnet, an automated job and applicant matching system of the government, remained unfilled. The openings included those in the United States, Canada and Australia. It is noted that ICT graduates of state universities and colleges are immediately employed after graduation. Students who were on on-the-job training programs have been absorbed even before they could finish their course. Schools could no longer cope with the demand for ICT graduates for immediate hiring.[14]

Just recently, a two-day jobs fair was organized for some 20 contact center companies requiring 20,000 new personnel. [15]

Despite the bright employment prospects that abound in the ICT sector, there are emerging labor concerns that need to be looked into as these allegedly impinge on the rights and welfare of the workers. And to some extent, the nature of work involved in some ICT specific activities call for a change in existing laws.

ICT and Working Conditions

[12] Metropolitan Career Times (Chronicle of the Converging World) posted 30 January 2003
[13] Metropolitan Career Times (Chronicle of the Converging World) posted 25 April 2003
[14] Philippine Headline News Online, 28 April 2002
[15] Gov.PH news archive (20,000 jobs to be offered at first Philippine call center job fair) 8 October 2004

Early this year a consultation forum between some 70 call center leaders and human resource managers, and government officials was convened to discuss workplace related issues. One of the issues raised has to do with the night work prohibition of women as provided in the Philippine Labor Code. The law is crafted in compliance to the international agreements that protect the safety and welfare of working women. Participants from the call centers group have asked for special provisions to amend such articles.

Call centers in the country operate 24 hours a day, and employ a large number of women workers whose work shifts include working at night. The non-stop operation can be attributed to the location of their clients which are US-based, and therefore, operate in different timelines. Incidentally, the busiest hours are the graveyard shift in the Philippines, which is equivalent to the normal working day in the US.

In cognizance of such realities, government officials acknowledged the concern of the group, and informed them that there is now a pending bill in the Congress, which provides certain amendments of the existing law. However, they called on the "caretakers" of the industry to ensure that mandatory benefits and fringe benefits should be given to the workers. They noted that only a few call center companies provide sleeping quarters and transportation facilities.[16]

ICT is supposed to play a major role in bridging the gap between specific groups of workers. However, some sectors feel such vision is not being realized. ICT development in the Philippines has not responded well to the needs of persons with disabilities (PWDs). According to the National Council for the Welfare of Disabled Persons (NCWDP), the Philippine government through the Information Technology and Electronic Commerce Council or ITECC has yet to formulate a policy or adopt guidelines that will spell out greater participation of PWDs in the ICT development of the country. As such, the country may not be able to comply with the Tokyo Declaration in November 2000 declaring that PWDs in the Asian and Pacific Region should have access to the internet by year 2005. This may be the case for PWDs in rural areas as computers, both hardware and software, are not affordable especially for PWDs who are mostly unemployed or not earning much; and given the unavailability of internet infrastructure, communication cables, telephone systems in those areas.[17]

In examining these concerns, more specific questions come to mind, and which in turn, requires specific answers. One, has ICT resulted in the improvement or deterioration of decent work in selected firms? Two, has ICT resulted in widening or narrowing the decent work gap between ICT-using and ICT non-using firms? Three, has ICT resulted in widening or narrowing the decent work gap between small, medium and large establishments?

[16] Manila Times, 6 August 2003

[17] The report was part of the proceedings of the Interregional Seminar and Demonstration Workshop on Accessible ICT and Persons with Disabilities held in Manila, March 2003, participated by countries namely Bangladesh, Brunei Darussalam, Cambodia, Canada, Indonesia, Lao People's Democratic Republic, Myanmar, Pakistan, the Philippines, Thailand, Vietnam, and the United States of America.

In an attempt to shed light to some of these issues, three case studies were undertaken. Representatives from the workers' and management groups were interviewed using a structured questionnaire. The direction of queries focused on the four strategic pillars of decent work, namely, employment opportunities, labor standards, social protection and social dialogue.

CHAPTER 4: THE CASE OF THE GARMENTS, CALL CENTERS AND BUSINESS PROCESS OUTSOURCING ESTABLISHMENTS

ICT and Garments Industry in NCR: Results and Discussion

A. Profile of the Firms

A total of 12 garment firms were interviewed for the study -- four (4) are small, four (4) are medium, and four (4) are large establishments. Only one (1) firm-respondent is non-ICT user, hence, comparison on the state of decent work between ICT and non-ICT users-firms cannot be undertaken particularly among medium-and large-sized establishments.

Establishments interviewed are into manufacturing of adult and children wearing apparel, embroidered materials, and yarns. Seven (7) establishments (3 large, 1 medium and 3 small establishments) cater only to the international market (for export), four (4) establishments (3 medium and 1 large) are both supplying the local and international markets while only one (1) establishment caters solely to local market. In terms of number of years in operations, majority (11) of the respondent-firms has been in the business for more than 10 years.

By employment size, small establishments interviewed employed 36 workers on the average, 133 workers for medium-sized establishments, and 1,262 workers for large-sized establishments. Half of the respondent-firms have started using ICT 6-10 years ago; four (4) uses ICT 1-5 years ago and one (1) 16-20 years ago.

B. The Respondents

Respondents from the management engaged in this survey are human resource managers and IT persons while worker-respondents are either union officer or recognized leader of the workers group/association in the company. Workers and management representatives interviewed were constantly reminded that they are being interviewed as a representative of all workers of their respective firms and not on personal capacity to somehow get an accurate general picture of worker's condition.

C. Investments on ICT

Ten of the 12 respondent-firms declared that their ICT investments cost around 5 to 10 percent of their total budget while the remaining two (2) disclosed that they are spending 21-30 of their budget. ICT investments essentially cover purchase of hardware and software IT paraphernalia, internet and software installation, and training of personnel.

D. Nature/kind/type of ICT used in the workplace

All of the respondent-firms utilize ICT in their office applications – word processing, presentations, spreadsheets, drawing and graphics. Eight (8) firms also utilize information systems such as applications in HR, banking, manufacturing (inventory, purchasing, data warehouse) and/or have internet connections for

emailing their customers/suppliers and for their on-line transactions/shopping raw materials. Wireless devices such as mobile phones and PDAs were considered a necessity for all large-firms interviewed. Overall, all of the respondent-firms welcomed the use of ICT in their day-to-day operations as it lessens their workloads by becoming more efficient and productive. They appreciated the promptness and efficiency brought about by the connectivity within and outside the firm – giving them more time to focus on the more important aspect of their business/operations.

E. Employment

There were no changes in the level of employment and in the gender distribution of workers upon the introduction of ICT in 10 of the 12 firms interviewed for the study. The remaining two, both medium-sized firms, hired new workers (part-time, casuals and contractual workers) and promoted some of the existing workers. These were done during peak seasons and in preparation/anticipation of expanding its ICT usage in the office in the next two years.

All respondents viewed that the introduction of ICT in their workplace made the company more productive and the workers more efficient, organized and systematic in their work processes. It has also improved their capacity to produce. Two (2) even claimed that their company was able to generate more products/new services (expansion). There were three (3) respondents who mentioned that ICT were only confined to their accounting, HR, sales and marketing departments, somehow indicating that only a few percentage of the firm's total workforce felt the advantage of working with ICT. They, however, still appreciated ICT since it led to improved work processes, increased production at a lesser time and minimized overall cost of production for the company. It likewise led to faster processing of their benefits and requests. They all look forward to plans of computerizing the production unit as well.

F. Employability

Respondents from the medium and large-sized companies generally find the introduction of ICT in their work processes favorable since it led to skills training and increased competency in the use of computers in their work processes. They also disclosed that though most of the workers directly handling these computers/machines were prepared (skills-wise) for ICT, the company still provided skills training especially for those new to computerized machine operations. Those who already are IT-knowledgeable claimed they gain higher or advanced knowledge in computers/computerized operations.

The added skills likewise boosted their chances of retaining their job, getting promoted, widened their career opportunities, and build their level of confidence. Moreover, it has also facilitated adjustments to work processes for those new to computers.

Trainings on ICT include short courses on office applications and use of computer-aided design. Majority of the respondents stressed that hands-on type of training were applied given the relatively "easy" skills that have to be acquired. Most of the respondent-firms sent large number of personnel (both men and women) for

the training courses outside the company premises, but there was also one respondent-firm who just hired a programmer to facilitate its in-house training of personnel, install hardware (e.g., servers, LAN) and software, and systematize some of its office operations particularly payroll/accounting, inventory/warehousing, human resource management, and marketing/sales/distribution. On the other hand, one establishment utilizes computer-aided design in complying with their customers design preferences, and adopts a computerized system for personnel identification.

In terms of trainings provided, there were three (3) respondents who said that there was a relatively low level of skills they have acquired. One respondent from the worker's group explained that this is due to the poor methodology used and the inapplicability of some of the learning modules. Another divulged that most of the trainings focused on basic computer courses only. According to them, budgetary constraints inhibit their respective companies to provide high-end comprehensive trainings.

G. Productivity

Respondents claimed that the introduction of ICT has considerably led to the overall improvement of productivity. Though the production unit has not been systematized in most cases, the shift from the manual to "computerized" processing of salaries, and benefits which in turn led to receiving their salaries on time and fast processing of their benefits, have encouraged workers to improve their output. Moreover, respondents also pointed out that with ICT, records pertaining to personnel matters are now systematized and easy to access by anyone needing said information.

Sales have likewise increased as companies went into on-line transactions. Clients can just place their order in their website. The use of ICT has also speeded up the purchase of raw materials from other countries, efficiently facilitated taking stock of inventory, and improved warehousing and tracking of delivery.

All of these developments have contributed not only in terms of improving the output of the company but as well as reduced the overhead costs and facilitated the welfare of the workers.

H. Access to Technology

According to respondents from the workers' group, not all workers have access to ICT since not all units/departments of the firms have been systematized/computerized. This was validated by the respondents from the management group who said that investments of ICT in most companies are only confined to administrative, accounting/finance, production design and sales/merchandising/distribution departments. Hence, only workers in these departments have access to ICT. This observation cuts across all size of establishments.

Only the IT person/s, executives and managers, sales persons, and some technical persons utilize a great deal of ICT. The high costs associated with instituting ICT tools and equipment, and the low-level of technology being utilized in

the production have rendered application/utilization of ICT in small garments companies quite low.

I. Working Conditions

Ten of the 12 respondents acknowledged that the introduction of ICT in the workplace has contributed in the improvement of working conditions. These are manifested in the following: 1) ease in the flow of work; 2) working hours per week has gone down, and no need to render overtime work; 3) increased in sales has led to provision of profit sharing and in some cases, provision of additional benefits, e.g., health card, leave credits, acquisition of old equipments, training abroad; 4) work has become organized/systematized, and prevented redundant work; and 5) expressed satisfaction on the compensation received.

On the other hand, two (2) maintained that there have been no significant changes in the working conditions. They asserted that working hours remained the same prior and after the introduction of ICT which is eight (8) hours, no additional benefits were also provided, and work space is too small to accommodate computers and has no proper ventilation, and to some extent, multi-tasking to some personnel especially to those involved in payroll preparation, and other administrative functions.

J. Balancing Work and Family Responsibilities

Majority of the management-respondents emphasized that the introduction of ICT has contributed in balancing work and family responsibilities. Given the systematization of work processes, workers need not work extra hours. This, in turn, has allowed them time to spend with their family. A management-respondent disclosed that they allowed their workers to transact with their clients at home especially for workers in the sales department.

From the point of view of the workers, eight (8) said that their companies, to some extent, provide support that would enable them to spend more time with their family by allowing them to conduct business transactions at home, and allowing members of their families to join their company outings. There are also instances that they are allowed to go home early especially during off-peak seasons.

K. Social Dialogue

According to all worker-respondents, they were informed by the management beforehand on the plans to introduce ICT in their workplace through various forms: 1) announcements made during the general assembly meetings, 2) through workers' representatives, and 3) dissemination of a memorandum.

Worker-respondents coming from the small establishments related that no safety net mechanisms were extended since nobody was displaced. Besides, the level of ICT introduced in their workplace is quite minimal.

Meanwhile, four (4) of the six (6) worker-respondents employed in the medium and large establishments said that safety net mechanisms such as skills

trainings on basic computer and alternative livelihood programs were extended to workers. However, only workers in the large establishments were consulted in the development of these interventions.

In general, all worker-respondents noted that the introduction of ICT has provided the avenue for open communication and smooth flow of information. These in turn have resulted in better coordination and improved working relationship among co-workers, and between superiors and subordinates. With ICT, information on new policies and workers' requests are efficiently communicated and addressed. This development has posted transparency and trust as everyone can have access on accurate information on how the company is doing and its operations.

However, worker-respondents from small establishments qualified that this does not apply in their case because ICT usage and applications in their companies are confined to the preparation of accounting reports, purchase of materials and sales.

All worker-respondents asserted that the introduction of ICT in the workplace has nothing to do with the formation of union or any form of employee association/group. For non-unionized firms, worker-respondents contend that a harmonious relation exists in their companies; that they are satisfied with the way things are, that their employer treats them well, and as such, they believed that there is no need to form a union. Specifically in the case of large establishments, management-respondents disclosed that their companies are already unionized long before the introduction of ICT. Meanwhile, respondents from the non-unionized medium establishments stressed that their workers are not interested to form a union.

CUSTOMER CONTACT INDUSTRY

A. Profile of the Respondents

A total of twelve call center establishments were interviewed for this case study. On the average, these firms have been operating in the country for around 3.4 years employing some 8,371 workers as of the first half of 2004. By the size of employment, nine of the twelve companies are considered as large employing an average of 912 workers while three (3) of the call center companies are considered as small employing an average of around 53 workers.

With respect to the worker-respondents, 24 workers are included in this analysis with positions ranging from managers and supervisors to programmers and customer service representatives. On the average, these workers are employed in their respective companies for about 1.2 years.

B. Employment

Hiring Requirements. In terms of their hiring requirements, call center establishments have no preference as to the educational background or work experience of prospective workers. Three out of the ten companies pointed out that

a college degree is not required particularly in the case of customer contact representatives (outbound calls). In fact, students are accepted as long as they meet the basic requirements of an excellent command of the English language and willingness to work in shifts. In the case of technical support representatives (inbound calls), a basic working knowledge of computers (particularly in hardware troubleshooting) and above average typing skills are required.

However, certain firms do impose limitations as to the age of prospective workers due to the nature of the job. One firm, for instance, set an age limit of 30 years for the position of customer service and technical support representatives. The selection of workers is largely determined by the willingness and ability to perform the job under the unusual working conditions. As a result, the profile of workers in the customer contact industry tends to lean toward the younger segment of the labor force.

Employment Opportunities. According to the respondents, two types of employment arrangements are prevalent in the industry: regular and non-regular employment. Workers are employed on a regular basis particularly for long-term accounts, while part-time and contractual workers are usually engaged in special projects or short-term accounts commonly for one to two years' duration. In the case of non-regular employees, there is a relatively fast turn over of workers since their contract is contingent upon the project's duration. One respondent has confirmed that there is a regular announcement of vacant positions in their company, and continuous hiring of new employees for on-going and pipeline projects.

All of the 23 worker-respondents pointed out that their company continued to hire additional workers since it started operations. This is mainly attributed to the expansion of operations and the acquisition of new accounts or projects from foreign clients. Overall, there is a significant growth in the customer contact industry in terms of the number of workers that the sector is employing.

In the case of the interviewed respondents, the distribution of workers is slightly skewed in favor of non-regular workers with a ratio of roughly 79% non-regular workers to 21% regular workers. Furthermore, female workers accounts for approximately 57% of the total workforce while male employees account for 43% in the early years of its operations (Table 14).

Table 14. Cross tabulation of workers at the beginning of operation

	Male	**Female**	Subtotal	%
Regular Workers	46	47	93	21%
Non-Regular Workers	146	213	359	79%
Subtotal	192	260	452	
%	43%	57%		

Almost all of the firms experienced significant growth in terms of employment. Of the few respondent firms that have provided information on employment, the total number of employees increased from 452 to 1,571 in the span of three years. Almost half of the workers (48%) are employed as non-regular workers (part-time, casual, contractual or apprentice). However, there is an observed increase in the number of regular workers from 21% to 52% of the total workforce from the initial

start up to their current operations. In the span of more than 3 years, the call center establishments has employed additional workers from the initial 452 workers to around 1,571 workers indicating a growth rate of around 70% annually. The distribution of workers is presented in Table 15.

Table 15. Cross tabulation of additional workers as of first half of 2004

	Male	**Female**	Subtotal	%
Regular Workers	438	386	824	52%
Non-Regular Workers	289	458	747	48%
Subtotal	727	844	1,571	
%	46%	54%		

Only one firm pointed out that they did not hire any additional workers, albeit they downsized. From the initial 122 workers, they are now down to 31 workers because the company lost an account that services local clients. This resulted into a reduction in the volume of services and led to the retrenchment of 91 workers.

Nevertheless, some of the companies stated that there are several safety measures in place to cushion the effects of employment loss or in the case of non-renewal of contract. These measures come in the form of trainings and/or separation pay. Most of the time, workers are not involved or consulted in the design and development of these measures. On the other hand, five of the workers declared that their employer offers no social protection in the case of termination or non-renewal of contracts.

Most of the workers agree that they were prepared skills-wise before they were hired. Most of the training needs of workers pertain to language proficiency and computer literacy. Some of the trainings that are required of the workers are: diction, intonation, enhancement training (DIET) and product specific trainings (PST).

Nevertheless, all of the call center companies introduced skills training to upgrade the competency of their workers. Some of the trainings that they have to go through are: management and leadership training, customer service and English proficiency exercises as well as education in programming modules and computer applications. All of the workers especially those in the operations department are undergoing training to upgrade their skills.

In the case of workers in the finance, administration or human resources departments, not all workers are being trained. One respondent mentioned that only a few and selected workers are trained depending on the recommendations of their immediate supervisors. In general, the workers acknowledged that these trainings have facilitated their adjustment in the operations of the company, and have helped build their confidence.

C. Access to Technology

Most of the respondents stated that all employees (from the managers and executives to the technical and administrative staff) have access to information and communication technology.

While there is no discrimination against any particular group, there is neither a proactive policy of affirmative action to employ specific groups such as persons with disabilities (PWDs).

Some of the computer applications that are commonly utilized are word processors, spreadsheets, presentations, photo editors and internet applications. Almost all of the workers pointed out that their company also utilizes information systems such as applications in banking (payroll, account monitoring), inventory, purchasing, process control and networking to facilitate business processes.

One of the benefits of this extensive use of information and communication technology is that it allows management to measure the output of their workers through performance metrics. Real time information is readily available to monitor and evaluate the performance of their employees. For instance, some firms indicated that their technology allows them to barge in any on-going calls (without their employees knowing) thus allowing them to monitor the demeanour of their employees. These technological innovations, in turn, allow management to make performance adjustments based on the specified service level to their clients.

D. Working Conditions

Work Hours. Fifteen out of the twenty-four (15/24) respondents said that their company has introduced certain changes in the working hours due to the demands of their work. One respondent pointed out that they have increased work hours from 40 hours to 48 hours a week. Furthermore, several firms indicated that there is an increase in the number of work shifts from a one shift to three major shifts due to the expansion of services and the acquisition of new accounts.

One respondent pointed out that their company introduced a 48-hour rotation schedule based on a 30-minute interval due to the demands and requirements of their clients. At least two firms implements a compressed work week wherein employees are given an option to work either 8 hours a day for 5 days or 10 hours a day for 4 days, as long as workers render the necessary number of work hours in a week.

On the other hand, eight out of the twenty-four (8/24) respondents said that there are no changes in the number of shifts or work schedules in their companies.

Workers are compensated with overtime pay for working beyond the normal eight hours of work per day.

Surprisingly, most of the respondents said that they are happy with the working hours despite the frequent shifts in schedules. This is because they are being paid a night shift differential for working between 10pm to 6am. Furthermore, workers are given a choice of their schedule which allows them to work at their own pace or at their own time.

On the other hand, three workers pointed out that they are not satisfied with the working hours. Some respondents are concerned about the health implications of constant changes in their work schedules. In particular, some of the workers

complained that rotation of schedule adversely affects their sleeping pattern. On the other hand, one worker-respondent lamented that they sometimes do not get lunch break or short break especially when there is a high volume of incoming calls. This increases the workers risk factor to urinary tract infection (UTI) and other health risks associated under such working conditions. Workers are only allowed two scheduled 15-minute breaks and a 1-hour meal break for the whole duration of their working hours.

Work Environment. Most of the workers have favourable assessment of their working conditions. In particular, they enjoy a one-is-to-one ratio of worker to computer. One respondent mentioned that the company strives to create a favorable work environment by providing equipment such as computer monitor filters, individual headsets and ergonomic chairs. Certain call center firms provide facilities such as lounges, sleeping quarters and pantries.

However, four of the workers responded otherwise. They complained that prolonged exposure to computers causes eyestrain, back pain and migraine. Furthermore, they lamented that not all companies provide such facilities. Some workers reported that they are stressed with some clients who are rude and obnoxious over the phone.

Compensation. With respect to the level of compensation, almost all of the respondents said that they are receiving compensation that is above market rate. A typical inbound call center agent receives a basic monthly salary between P8,000 to P12,000 or approximately P333 to P500 per day (based on a 24 work days a month). On top of this, workers receive overtime pay, night differential and allowances (transportation, meal, laundry and representation). The level and frequency of such benefits usually depends upon the financial performance of the company. It is not uncommon for agents to receive a take home pay between P16,000 to P20,000 per month, which is approximately twice the minimum wage of P280 per day.

The level and scope of benefits provided to employees generally increase with the expansion of services and the acquisition of new accounts. Some firms provide additional benefits such as transportation allowance, meal allowance, medical benefits and other fringe benefits on top of their basic monthly salary as the profit level of the company rises.

Meanwhile, two respondents claimed that they are not being paid for overtime work.

F. Balancing Work and Family Responsibilities

Family Support. The firms and the workers are divided when it comes to extending support in balancing work and family responsibilities. Twelve out of the twenty-four (12/24) respondents believed that the company has helped the workers in balancing the demands of work with family responsibilities. One respondent pointed out their company takes an active interest in providing seminars on time management and in balancing work and personal life. Some companies extend support to their workers through the conduct of regular outings allowing the employees to bring along their families.

However, these findings should be interpreted in the context of the socio-demographic profile of the workers. Based on the observations of the interviewers, it is estimated that single workers comprise between 80 to 90% of the employed population in the customer contact industry. This factor accounts for the relative ease with which workers are able to balance their work and family responsibilities considering the demands of their work and the unusual circumstances of their working condition.

On the other hand, half of the total (12/24) respondents think that their company does not extend support in balancing work and family responsibilities. Some of the respondents felt that their work gets in the way of their family responsibilities such as when the company requires them to work during national holidays. Management-respondents countered that given the nature of the business, they have to follow the holidays of their client countries, thus workers are asked to report for duty during some of the official holidays in the country.

G. Social Dialogue

All of the respondents disclosed that there are no unions or employees association in their companies. The most common form of workers representation mechanism between the management and labor is in terms of meetings and discussions between the supervisors and the workers. Since most of the workers are employed on a per-project or per-account basis (non-regular workers), there is little incentive for workers to organize and form labor unions.

Work Relationship. All of the worker-respondents believe that the company institutes measures that could better stimulate coordination among workers and between superiors and subordinates. Some of these measures include:

1. "open door policy" - a collegial atmosphere in the workplace where workers are allowed to discuss their issues and concerns with their immediate supervisors through consultations or open dialogue;

2. formation of recreation committees – which takes care of the social, physical, cultural and emotional well-being of the employees;

3. conduct of team building seminars and outings – in order to build rapport among workers and to encourage better relationship among co-workers.

Work-Related Issues. Most of the employees' concerns pertain to the compensation that they are receiving from their employers. In particular, some workers demand payment of overtime work and the provision of other benefits such as health insurance and transportation allowance in cases of late night overtime. Other concerns pertaining to their well being such as office facilities and the scheduling of breaks. . Another respondent said that the workers do not receive their salaries on time.

One respondent complained that their company is not remitting their social security contributions. Considering the relatively fast turn-over of employees, the

delayed in remitting social protection further exposes workers to risk in cases of contingencies such as sickness, disability, unemployment, or death.

According to the respondents, these issues are discussed during meetings and discussions with their supervisors. Some of these issues are resolved or are currently being negotiated with their superiors while other concerns remain unresolved.

Business Process Outsourcing (BPOs)

A. Profile of the Respondents

There are 12 business process-outsourcing establishments that were included in this study. These firms are engaged in various IT services such as software development, webpage design, computer programming, and outsourcing of bookkeeping and payroll. In terms of the size of employment, five (5) of the firms are considered small, one (1) is considered as medium and six (6) are considered as large. On the average, these firms have been operating in the country for around 7.1 years.

With respect to respondents, twenty-four (24) workers were considered for the study. Out of the total respondents, ten (10) workers are employed by small BPO, two (2) workers are employed by medium and twelve (12) workers are employed by large BPOs. On the average, BPO respondents have worked for their companies for around 4.6 years while call center respondents have been employed in their companies for around 1.2 years. The respondents are composed of workers from different units such as human resources, administration and operations department.

B. Employment

Hiring Requirements. In terms of the requirements in hiring workers, all of the BPO companies said that they require the completion of bachelor's degree or a minimum number of work experience, depending on the position applied for. One respondent, for instance, indicated that they require accounting graduates for agents in the outsourced bookkeeping and payroll services. There is no preference as to gender of applicants but some firms prefer workers between the ages of 20 to 30 years.

Employment Opportunities. Compared to the call center respondents, there are relatively more regular employment opportunities in the BPO establishments. Regular workers account for almost the entire workforce at the beginning of the firms' operations (Table 16). With respect to gender disaggregation, female workers comprise around 67% of the total workforce while male workers account for 33%.

Like the case of the call centers, almost all of the BPO establishments pointed out that there is a continuous hiring of additional employees. According to the respondents, the number of workforce increased from 529 workers to 2,019 workers in the span of 7 years of operations in the country. This represents an employment growth rate of around 40% annually. The additional employees are also distributed

in favor of female employees with a ration of around 60% female workers to 40% male workers.

Table 16. Cross tabulation of workers at the beginning of operations[18]

	Male	**Female**	Subtotal	%
Regular Workers	173	351	524	99%
Non-Regular Workers	3	2	5	1%
Subtotal	176	353	529	
%	33%	67%		

Table 17. Cross tabulation of additional workers as of first half of 2004[19]

	Male	**Female**	Subtotal	%
Regular Workers	729	1146	1,875	93%
Non-Regular Workers	73	71	144	7%
Subtotal	802	1217	2,019	
%	40%	60%		

However, not all of the BPO respondents experienced a growth in terms of employment. Two worker-respondents from a small BPO establishments indicated that their company did not hire any additional workers, and have only maintained the original number of employees since the company started operations. They have indicated that their services have been adversely affected by the September 11 terrorist attack in the USA in 2001.

Not all of the firms provide safety nets in cases of project termination. At least three workers indicated that their company does not provide any safety nets. On the other hand, most of the respondents pointed out that their company provide training, skills upgrading or retraining for their workers as a means of cushioning the effects of contract termination. Around half of the respondents from large BPOs said that their companies offer a separation package for their employees.

Most of the workers believed that they are prepared skills-wise before they were hired. In terms of the types of trainings, BPOs engaged in software development and computer programming required their workers to be proficient in certain computer programs (Delphi, SQL and business concept support). BPOs engaged in other outsourcing services require basic training on computer literacy, English language and product knowledge.

All of the firms provided further trainings to their workers in preparation for their tasks in the company. Most of the companies provided technical training based on the requirements of the clients. These trainings ranges from computer programming (such as RPG, Visual Basic, etc) and database management to the use of accounting software and basic auditing. Some workers are required to attend seminars in order to upgrade their knowledge about their fields of expertise.

[18] / selected BPO establishments refer those who were able provide data on employment
[19] / Ibid.

However, almost all of the workers believe that it is still necessary to train or retrain the workers due to the requirements of the job. Some of the training needs identified by the workers include: 1) project management trainings; 2) computer programming languages including Java, Oracle; 3) IT services like Mainframe, Web and System Administration; 3) upgrading of skills on market needs; and 4) other project specific trainings.

Seven firm-respondents mentioned that 100% of the workers in their company are being trained while two respondents said that more than 50% of the workers are being trained. Another firm estimates that only around 21 to 30% of the workers are receiving some kind of training to upgrade the workers' competencies.

Across occupational categories, almost all of the managers, executives, professional and technical workers are undergoing trainings. Most of the personnel in the sales or administrative units are only trained as the need arises.

D. Access to Technology

Similar to the customer contact industry, there is an extensive use of ICT in the BPOs. All of the respondents stated that all of the employees including executives, technical and administrative staff have access to ICT. All of the firms likewise utilize ICT applications on work processes such as word processing, presentations, spreadsheets, drawing, web publishing and photo editing. All of the firm-respondents pointed out that internet and networking are also being utilized to facilitate and expedite business processes through file sharing and online transactions. Supervisors and those in the management are often provided with mobile phones, personal digital assistants (PDAs) or other wireless devices that connect them to the workplace wherever they are.

Similarly, more than half of the respondents pointed out that their company also utilize information systems such as applications in human resources and in manufacturing (inventory, purchasing and process control). With respect to small, medium and large BPO establishments, there is no significant difference in terms of the extent and utilization of ICT applications.

E. Working Conditions

Work Hours. Around half (6 out of 11) of the BPO respondents introduced certain changes in the hours of work due to the demands and requirements of their work. With the expansion of services, two firm-respondents pointed out that they have implemented a flexible time schedule and introduced additional work shifts.

In some other cases, the expansion of services led to additional hours of work. One firm-respondent said that some workers had to render an additional 2 to 3 hours of work in extraordinary circumstances or when certain tasks needs to be completed before the deadline. Overall, workers are not complaining about the additional hours of work. Often, the expansion of services leads to promotion, increase in salary or profit sharing, and the rewarding of additional monetary benefits (such as transportation and meal allowance). One respondent pointed out that the company provided additional health benefits and insurance with the expansion of services.

Compensation. All of the worker-respondents are satisfied with the compensation provided by their employers. In general, BPO firms provide a compensation package that is above the minimum wage. Workers also receive other benefits aside from the compulsory benefits (SSS, PagIbig PhilHealth, sick leave and vacation leave). The firms also provide a premium for night work (night differential) and for working more than the standard 8 hours in a day.

Working Environment. All of the workers assessed the working environment favorably. In terms of office facilities, some companies provide sleeping quarters, break room and pantry to allow workers to rest and eat. Some of the workers appreciated the spacious and well-ventilated office space while some other workers are pleased that the office is situated in an accessible location. In terms of office equipment, workers are provided with their own personal computer particularly for the programmers and technical staff.

F. Balancing Work and Family Responsibilities

Ten out of the twenty-four (10/24) worker-respondents and eight out of the twelve (8/12) firms agreed that their working arrangements has somewhat helped in balancing the demands of their work and family responsibilities.

One of the reasons for such is that in the case of BPOs, workers are allowed to work at home, which enables them to spend more time with their family or children. Some of the tasks that may be done at home include completion of programming modules, preparation of project proposals or even bookkeeping. The use of wireless devices, such as mobile phone and personal digital assistant, connects workers to the office wherever they are.

The firm-respondents are divided with respect to extending support to workers in balancing their work and family responsibilities. Around half of the firms admit to not having any kind of support to their workers. On the other hand, half of the firms think that they extend support through their flexible work schedules or through the conduct of regular outings. One firm-respondent believes that compliance with the Solo Parent Act is their way of extending support to their workers with respect to balancing work and family responsibilities.

G. Social Dialogue

Like the case in the call centers, all of the respondents indicated that there are no organized workers' unions or associations for workers representation in their companies. The most common form of social dialogue is through meetings and consultations between the workers and the management.

Almost all of the workers think that their companies have introduced certain measures to stimulate better coordination among co-workers and between superiors and the subordinates. One respondent said that their company provides a lot of communication tools like instant messenger, town hall (general assembly at the start of the year), or direct communication with the concerned departments individuals,

which enables workers to facilitate communication with the management as well as to voice out their concerns.

Other firms provide an alternative management style that is based on partnership and teamwork. Supervisors adopt an "open door policy," which makes it easier for workers to approach their superiors and to discuss matters that affect their performance in the workplace. The company also encourages workers to address their supervisors on a first name basis in order to imbibe a collegial work culture.

Another interesting innovative approach adopted by one firm is the development of a yearly "employee relation index" which is one of the metrics of the level or degree of harmonious relationship in the workplace. This allows the management to make the necessary adjustments that will stimulate better coordination among the workers as well as with the management.

Other firms rely on social activities to foster camaraderie among the workers. Furthermore, some firms provide awards in recognition of exemplary performance of employees. This also serves as a good motivation for the workers to improve their performance.

One company adopts a "talk, listen and act policy" where they eat out and discuss issues together, which is documented and presented to the management.

One worker-respondent attributed the absence of organized unions or workers associations to the fact that the industry is still in its “infancy” stage. . Similarly, this phenomenon may also be attributed to the fact that many of the workers are not regular employees of the firms. Other determinants of the failure to form labor unions in the BPOs may be due to several other factors such as: 1) demographics of the workers (young urban technology-savvy professionals); 2) relatively high level of compensation; 3) culture within the organization.

CHAPTER 6: INSIGHTS AND RECOMMENDATIONS

A. Garments Industry

Based on the foregoing, it can be surmised that the levels of ICT utilization and application in garments firms are still quite minimal. The use of ICT in the twelve firms interviewed mostly excludes the production unit where majority of the workforce in garments firms can be found. This observation cuts across all establishment size as ICT hardware involves only a small number of personal computers, fax machine, and mobile phones while in terms of software, programs are mostly confined to systematization of the administrative/personnel, finance/accounting, inventory/warehousing/storage, purchasing, distribution, and sales/marketing aspects of running the business. Only large companies have utilized ICT software or computer aided design programs in coming up with various designs.

As can be gleaned from the study, the introduction of ICT in the garments industry did not adversely affect the employment status of workers mainly because of its limited use. That is, the sector remains a labor-intensive activity. On the other hand, in a considerable extent, its introduction has helped ease the burden of their workload, enhanced vertical and horizontal communication in the workplace paving for a more harmonious relationship, and speeded up processing of employees salaries and claims which generate positive actuations from the workers. Nonetheless, due to the minimal use of ICT in the sector and limited number of respondents, its concrete effects on the decent state of employment in the sector is quite difficult to establish.

In view of the foregoing and heightening competition posed by countries engaged in mass production of textile and garments (e.g., China, Thailand, Indonesia and Vietnam), it is proposed that the Philippine garment industry should instead focus on high-end areas where the country has potential advantage in terms of skills and resources such as fashion designs, fabric design, pattern-making, commercial production of indigenous fibers (e.g., banana, abaca, ramie and silk), production of accessories, sample making, and production of specific apparels (e.g., sleeping wear, infant dresses, etc.,). And to keep pace with the competition in these high-end areas, garment firms should increase its investments in ICT particularly on CAD, hardware and training its personnel on the use of the software. The massive investments in ICT particularly in the area of design, production, marketing and distribution would enormously helped in improving the quality of the garment exports as well as enhance the competitiveness of the country in terms of meeting the volume of the global demand.

The garments industry is one sector which upholds social responsibility and therefore. employs decency of employment. This is being ensured thru the Garments Textile Export Board's (GTEB's) Reaccreditation Program wherein garment exporters are mandated to follow internationally accepted social and labor standards in manufacturing to meet the demands of the market for "clean clothes" (free from child labor, thrives in humane and ethical work conditions, allows freedom of association, etc.,)

Meanwhile, in an attempt to address the evolving global (e.g., phasing out of the multi-fibre agreement, stiffer competition) and local challenges facing the sector, the Philippine government in close partnership with the private sector has launched the "Garment Export Industry Transformation Plan and Assistance Package." The Plan seeks to enhance the competitiveness of the industry and ensure that it stays viable and vibrant beyond 2004. One type of assistance package delves on development assistance programs designed to improve productivity through investments in technology and skills upgrading, to address speed-to-market concerns, develop and promote diversified markets and products, and provide access to financing. Massive use of ICT in this area is expected to generate concrete and positive results in terms of enhancing the productivity of the sector, and in streamlining export and import procedures.

B. Call Centers and BPOs

The call center and business process outsourcing industry are considered as among the growth sectors of the economy for these sectors offer a lot of potential in terms of generating employment and contributing to the country's economic growth.

However, with the increasing integration of the world economies, the growth prospects of the industries are also dependent on external factors such as: 1) competition from other countries; 2) economic performance of client countries particularly US and Europe; and 3) international shocks such as the September 11 terrorist attack.

The level and extent of ICT usage in the industry is quite extensive with all of the firms indicating that they are using office applications, information systems and internet and networking to facilitate business processes. There is no significant difference in terms of ICT usage across establishment size.

The use of ICT has contributed to the proliferation of flexible type of work arrangements. A considerable proportion of employees are hired on per contract or per project basis, hence, results into relatively fast turnover of employees in the sector. Furthermore, the use of ICT has enabled firms to promptly measure the performance of their employees thus allowing them to make necessary work adjustments of complying with the service demands of their clients as well as in gauging the efficiency of their workers.

With respect to the working conditions, the advent of the call center and business process outsourcing have ushered unique challenges and opportunities on the state of decent work, which is presented in the Table below:

Table 18. Challenges and opportunities of ICT on labor and decent work

Decent Work Indicators	Challenges	Opportunities
Employment opportunities	Need to employ specific groups such as persons with disabilities, married women or solo parents, college undergraduates in order to bridge the digital divide between those who have access to ICT and those who are excluded.	ICTs are opening up new career prospects for young people, married women, solo parents and PWDs as this develop the employability of the aforecited workers given their constraints and allows them to gain valuable work experience.
Skills	For call centers, comparative advantage in English proficiency has been diminishing. For BPOs, need to upgrade skills given stricter job requirements.	For call centers, people with good command of English and computer literate can be employed. For BPOs, tasks promote specialization.
Compensation		The sectors provide salaries which is twice that of the minimum wage. Incentives are likewise afforded to performing employees.
Working hours	Opportunities in the ICT sector entail intermittent job rotation, shifting work schedules, and/or longer work hours. This puts the concept of "decent hours" to the fore of the issues in relation to ICT job opportunities. Health hazards resulting from night work and limited break time policy are among the issues associated with the "graveyard" working hours.	
Social Protection	Prevalence of flexible work arrangements and with a sizeable number of non-regular workers, some forms of social protection should be instituted	In some cases, provide above-board social protection.

Stability and security of work	Non-regular workers comprise a large proportion of the total labour force in the ICT sector. This is quite evident in the case of the sample call center firms where 50% of the workers are either part-time or contractual. This often leads to the relatively fast turn-over of employees signalling a less stable and less secure work environment.	
Balancing work and family life		ICT makes alternative work arrangements possible with the aid of laptop, mobile phone and other wireless devices. This enables workers to perform certain tasks at home letting them balance their work and family responsibilities much easier. Furthermore, it provides employment opportunities for specific groups of workers.
Social Dialogue and workplace relations	Alternative employment arrangements such as tele-working (working from home) and with the large proportion of workers being non-regular workers, these somehow posed barriers to organize.	ICT has redefined the concept of social dialogue and workplace relations. In the absence of unions or employee's associations, worker representation is performed through an informal open-door policy or though regular meetings and consultations between management and workers as well as through the use of intranet or online chatting.

On employment opportunities. ICT presents both challenges and opportunities when it comes to employment opportunities. As mentioned earlier, the growth in the sector has provided the much-needed break in the country's oversupply of labour. The call center and BPO firms absorbed most of the young IT-literate and English-proficient segment of the labour force. It has also enhanced the

employability of these workers through several training programs that were provided to the employees free of charge. Furthermore, it is generally recognized that an overall strategy of employment creation should take into account an effective policy for employing specific groups of workers notably young workers, married mothers, solo parents, and PWDs. The ICT sector offers a lot of potential in terms of addressing this concern.

On the other hand, it also presents some challenges particularly with respect to the digital divide. While there is no discrimination against any particular group, most of the firm-respondents do not implement a proactive policy of employing persons with disabilities (PWD). This could potentially widen rather than narrow the gap between those who have access to ICT and those who are excluded from utilizing its benefits.

On compensation. The ICT sub-sectors provide lucrative employment opportunities to workers as it provides salaries that are above the mandated minimum wage rates. In some companies, additional monetary incentives are extended to performing workers.

On working hours. One of the challenges posed by the call center and BPO establishments in relation to decent work is on the concept of "decent hours." The expansion of services often leads to intermittent job rotation and shifting of work schedules for the workers. This often entails working the graveyard shift or rendering more hours of work. Surprisingly, most of the workers hardly complained about such working conditions simply because they are well-compensated and in some cases, are afforded with work comfort amenities such as sleeping quarters, recreation nook, meal and transportation allowances/shuttle service..

An examination of the profile of the workers provides other reasons why workers are satisfied with this working condition. First, the expansion of services often leads management to provide additional monetary and other fringe benefits to the workers (such as through promotion, salary increase or profit-sharing). Second, most of the workers are young (less than 30 years old) and single, thus they are more likely to endure such conditions as compared to other groups of workers.

However, there is still a need to conduct empirical studies on the impact of such working conditions on the physical, mental and emotional well-being of the workers.

On level of skills. Employment in call centers require a good command of English, and some knowledge in computer operations, while a higher level of skills are required in BPOs given the specialized business services it provides.

While the country has a large pool of relatively good English-speaking populace, there have been reports that this comparative advantage has been diminishing. This concern should be accordingly addressed by the educational institutions as this jeopardizes the country's niche in the international market in which major attraction is its fluent English-speaking populace. Meanwhile, the level of skills of workers employed in BPOs should be constantly upgraded to enhance their employability as well as to attract investments in the industry.

On stability and security of work. There is a relatively fast turn-over of employees particularly in the call center establishments. This can be largely attributed to the predominantly non-regular employment arrangements (contractual, casual, or part-time) between the call center firms and the workers. This somehow alludes to job insecurity and less secure work tenure. Furthermore, there are some employees who complained about the non-remittance of social security contributions, which further exposes them to social risks and other contingencies.

However, this employment arrangement does not necessarily imply a constant loss of employment for the workers. In fact, some companies hire the same workers for different projects or accounts. Workers are willing to be employed per project or per account basis as long as they can easily secure another employment opportunity as soon as the project expires. This observable fact calls for a more flexible labour market arrangement that focuses more on "employment security" rather than the traditional concept of "job security."

On balancing work and family life. On the other hand, there are also some opportunities for realizing decent work with the utilization of ICT. The extensive use of ICT in some establishments has paved the way for innovative work arrangements that allows workers to spend more time with their family. This is quite evident in the case of certain BPO establishments where workers are allowed to perform certain tasks at home with the aid of mobile phone, laptop or other wireless devices. These arrangements have facilitated the balance between work and family responsibilities of the workers.

On social dialogue and workplace relations. This study established that there are no organized unions or workers' associations in the call center and BPO firms covered by the survey. The most common form of social dialogue mechanism is in terms of regular meetings and consultations between the management and the workers.

Several factors may be contributing to the absence of unions or associations in the industry. First, the large proportion of non-regular workers provides a disincentive to form organized groups for workers' representation. Second, some workers believe that the industry is still in its early stages of development. Third, the presence of an alternative social dialogue mechanism in the workplace provides an adequate venue for voicing out the issues and concerns of the workers.

Based on the insights from the preceding section, several policy implications may be drawn:

First, the growth in the ICT sector has demonstrated a huge potential for generating employment opportunities for the IT- and English-proficient segment of the labor force. Based on a rough estimation of the employment growth rate in the establishments included in the survey, call centers achieved a 70% employment growth rate while BPO experienced 40% employment growth rate on an annual basis. These figures imply that the sector provides significant contributions to the overall policy of employment generation. The potential for generating decent and productive employment in the sector depends on specific polices that will make the

most out of the opportunities presented by ICT and at the same time, manage the risks posed by the use of ICT with respect to decent work.

The findings of this study uncovered several insights about the structure and the composition of workers in the call center and BPO establishments. Almost half of the employees in the call center establishments are non-regular workers, which may be contributing to the relatively fast turn-over of employees and the rise of subcontracting and other alternative employment arrangements in the sector. Although this phenomenon presents certain challenges, it also presents opportunities such as the possibility of employing persons with disabilities (PWDs) and other vulnerable groups of workers such as working mothers and solo parents, out of school youth through tele-working arrangement. An increased awareness and a more pro-active policy of affirmative action to employ specific groups should be encouraged to maximize the benefits from ICT.

Crucial to creating such enabling environment, is pegging down the cost of interconnectivity and providing the necessary ICT infrastructure that will enable them to establish virtual office at home, and at the same time, attend to their other duties.

In relation to this, the research team supports the direction of ICT strategic reforms currently being pushed which include: providing affordable internet access to all segments of the population; developing an IT-enabled workforce; creating an enabling legal and regulatory environment; providing government services online and; developing the country as world class ICT services provider.

These strategic reforms are envisioned to be demonstrated through the proposed connectivity strategy which entails establishing community eCenters in all baranggays, deploying broadband networks, and developing applications (content) in order to facilitate government services online, e-learning and e-commerce.

In relation to eCommunity services, this basically involve provision of service in terms of access to job markets and access to skill-based distance education, among others. The PhilJobNet, an automated job matching system managed by a network of Public Employment Service Offices all over the country can be tapped to provide these services.

Aside from laying out the necessary infrastructure, a critical part of the ICT development agenda is enhancing the country's competitive edge – its pool of relatively skilled/educated workforce. To do this, efforts are geared towards providing more emphasis on the English, Mathematics and Science subjects as part of Basic Education, integration of ICT in college curriculum, developing IT skills in E-services, accelerating capacity building in communities, extending IT literacy to other sectors particularly to the vulnerable groups of workers, and developing IT dialect content.

Meanwhile, though the overall results of the study showed that majority of workers-respondents in call centers and BPOs enjoyed relatively good terms and conditions of work, some of the respondents raised concerns regarding the health hazards associated with the nature of work in the sub-sectors such as acquiring urinary tract infection (UTI) due to limited "time-outs," eye strain, back aches/pains,

stiff neck, insomnia and migraine. In view of these concerns, the study strongly recommends that companies should observe minimum working conditions standards such as provision of ergonomically design tables and chairs, monitor filters, proper lightning and ventilation, rest nooks, adequate break time to attend to their "personal needs," and at least once a year medical check-up.

Likewise, while very few respondents complained of non-payment of wages, overtime fees and night differentials as well as failure to remit social security contributions, it is equally important that these reports be checked and verified as these constitute core fundamental labor standards.

Meanwhile, the nature of employment in BPOs and call centers calls for flexibility especially in terms of working hours. Apparently, a large chunk of the sector's total workforce are women who work on a night shift. The sector workers' representatives especially the women groups have been clamouring for the renounciation of the law (Art. 130 of the Labor Code " no woman, regardless of age shall be employed or permitted or suffered to work, with or without compensation in any industrial undertaking or branch thereof between 10:00PM and 6:00AM of the following day") given its discriminatory employment effects on women.

To reconcile these conflicting concerns, a series of dialogues between the senior officials of the Department of Labor and Employment (DOLE) and management representatives of call centers as well as on-sites interviews with workers were conducted. The outcome of such exercise has led to the relaxation of the law through the issuance of the Memorandum Circular on the Exemption of Women Workers form the Night Shift Prohibition.[20] To date, there are about 13 call center companies that were granted exemption on the night work prohibition for women employees with the assurance the company would provide safe and healthful working conditions and adequate/reasonable welfare facilities such as resting quarters

The relaxation of the night work prohibition on women manifests the need to undertake considerable amendment of the country's other labor laws which were promulgated 30 years ago, whereas the economic and political landscape were significantly different.

In recent years, there were concrete attempts to realign some the country's labor laws in the evolving changes in the world of work though in piecemeal basis. One area pertains to cognizance of the prevailing flexible forms of employment which predominantly characterize the type of employment in business process outsourcing and call center companies. One significant stride towards this direction was the issuance of Department Order 18 (series of 2003) which governs subcontracting and contracting activities.

[20]/ The Final Report on the Consultation on the Employment Conditions of Workers in Call Centers together with the proposed Memorandum Circular conclude that: (1) sex plays no role, thus there appears to be no justification for protecting only women except as their reproductive function; (2) the outcome of consultations and ocular visits with companies show favourable conditions of work for women in night work, in terms of security of tenure, monetary compensation and provision of fringe benefits; (3) welfare facilities are adequately provided by majority respondent companies; and (4) there should be periodic check-ups for night workers to determine their fitness for night work.

Meanwhile, to institute more flexibility in the workplace, the DOLE shall work on the amendments of the Labor Code which focus on five (5) major areas of social partnership, protection to labor through just and humane conditions of work and adequate social security protection, employment promotion, promotion of productivity, promotion of shared responsibility, and providing adequate machinery for negotiations, dispute settlement and prevention.

The realization of these proposed reforms are perceived to contribute in establishing an enabling environment that would facilitate massive investments not only in this sector but as well as in other economic sectors of the country.