

Phl schools not producing enough graduates for advanced BPO jobs

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Philippine universities currently do not produce enough graduates suited for advanced jobs in the business process outsourcing (BPO) industry, a challenge that has to be addressed if the country wants to maintain leadership in the global market and prevent job loss amid increasing automation, the Asian Development Bank (ADB) said. In a new entry on the Asian Development Blog, ADB economist Sameer Khatiwada said the local BPO industry rose two decades ago by leveraging new technologies in connectivity and its large workforce.

The industry's workforce remains the sector's biggest asset but it is now in dire need of skills upgrade if BPO investments are to remain in the country, he said.

The Philippines controls 13 percent of the global BPO market. The sector accounts for around six percent of the country's gross domestic product and employs around 1.2 million Filipinos. Two-thirds of BPO employees in the Philippines, however, are engaged in clerical support work – low-value, repetitive jobs that could be threatened by service delivery automation (SDA) technology which enables automated delivery of customer support to overseas clients. Khatiwada said BPO executives favor the use of this technology because of cost and accuracy concerns.

Citing an analysis by Credit Suisse, Khatiwada said SDA could reduce costs by 15 - to 20-percent in insurance, and by 20 - to 25-percent in finance and accounting.

“As the technology becomes more reliable, more companies are automating repetitive tasks to reduce headcount, given that personnel typically accounts for over two-thirds of total operating costs,” he said.

Khatiwada said despite the advancements in automation, jobs in the BPO industry are expected to rise, but with a bias toward medium-skill levels such as financial data analysis and for high-skill workers like computer programmers.

Unfortunately, the country's universities do not turn in enough graduates that can meet the changing requirements of the sector.

“Despite the optimistic outlook, the Philippines must nonetheless confront a major education challenge, if it is to maintain leadership in the global BPO market and prevent BPO jobs leaving the country. More training and education is needed to ensure the workforce is equipped to carry out the middle- and high-skill jobs that will emerge from automation,” Khatiwada said.

“At present, Philippine universities don't produce enough graduates trained to meet evolving BPO job needs like higher-value services in animation, design, and software development in a range of sectors. This is important as the BPO industry is very demand-driven. Companies will go where skilled workers are available,” he added.

To prepare for the shift in labor demand, Khatiwada said industry leaders now recognize the need for a “concerted effort” to upskill and reskill BPO workers.

One solution being considered is the establishment of a “skills development fund” aimed at training IT-BPO workers in new technologies to familiarize them with automated service delivery models.

“Incentives for this kind of approach would help the industry to remain globally competitive,” he said.