

Business Process Outsourcing (BPO) Sector Throughout the Pandemic: Effects on A Philippine-Based Company Catering to Global Businesses

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Abstract: - The Business Process Outsourcing (BPO) sector is one of the fastest-growing industries in the Philippines. The world's BPO capital has steadily flourished through the decades, contributing significantly to the country's growth domestic product and the improvement of other economic aspects. With over 850 registered BPO companies, the industry even has an expected yearly seven-to nine-percent growth, higher than the one foreseen globally. (Rodela 2020). Company D was founded in 1959, offering services in the aviation industry like ground handling, cargo services, and catering services until they adapted into offering services in the travel and hospitality industry covering hotel and airline bookings. To further expand the business, they introduced customer service to cater to their client needs through BPO's in the Philippines. The call center and business process outsourcing industry expect an average annual growth of 2.7 percent to 3.2 percent until 2022, based on a study by global research firm Everest Group. (Campos 2021).

Key Words— *BPO, COVID-19, business, travel, service, pandemic.*

I. INTRODUCTION

Many businesses, from small startups to large companies, opt to outsource processes, as new and innovative services are increasingly available in today's ever-changing, highly competitive business climate. (Bloomenthal 2020). Before the pandemic the Philippine business process outsourcing (BPO) sector reported a \$26.3 billion revenue in 2019, or a 7.1% jump from the previous year, according to the IT and Business Process Association of the Philippines (IBPAP). (Outsource Accelerator 2020).

According to the annual report of company D for the year 2018-2019, one of their lines of business posted a profit of AED 2.3 billion (US\$ 631 million) for the financial year ended 31 March 2019, down 44% from last year.

The Group's revenue reached AED 109.3 billion (US\$ 29.8 billion), an increase of 7% over the previous year's results. The Group's cash balance was AED 22.2 billion (US\$ 6.0 billion), down 13% from the prior year mainly due to large investments into the business, including significant acquisitions and payment of preceding year's AED 2 billion (US\$ 545 million) dividend. Their overall profit ended at AED 1.4 billion (US\$394 million).

During the pandemic, a lot of business particularly in the travel and hospitality industry were forced to scale down and some ceased operations. Others went to even file for bankruptcy since they were not able to sustain their operations given that their customers were not allowed to travel because of the threats brought upon by the virus.

II. STATEMENT OF THE PROBLEM

Business Process Outsourcing companies particularly in the Philippines are growing at a fast rate. One company can cater to many industries and different line of business at the same time. Companies should be able to adjust not only to the evolving needs of the customers but also their employees.

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Providing exemplar service and resolving the issues of the customers are always the priority of BPO companies. Company D has been in the BPO industry since 2003 and was consistently awarded as one of the top performing companies in the field. It provides services and support to clients who are seeking help regarding their hotel, airline and transportation bookings all over the world.

Company D was able to recover in 2021-22 from their travel services division since it significantly grown by 434% to AED 694 million (US\$ 189 million). The reported total transaction value (TTV) of travel services sold increased by 912% to AED 2.3 billion (US\$ 632 million), a dramatic reversal from last year. These increases reflect last year's abnormal situation where the business saw high levels of COVID-19-related booking cancellations.

The pandemic posted a threat in the industry leaving people jobless. Given the lack of travelers, there won't be many people calling in to seek help. Many travelers also opt to put their plans on hold given the rising prices of basic commodities. How can Company D be able to continue their operational success amidst the pandemic?

III. CAUSES OF THE PROBLEM

Company D was able to slightly recover with their revenue in the travel and hospitality industry but it is yet to demonstrate justifiable development post-pandemic.

According to company D's president, "The COVID-19 pandemic has caused unprecedented disruption to the travel and aviation industries. Like our customers and competitors, we are also facing serious challenges and working hard to recalibrate our business and operations for what, right now, is an uncertain future." (dnata newsroom 2020).

To sustain the cost of operations, company D turns to automation via interactive voice response (IVR). Automation, AI, real-time analytics and chatbots are taking over some tasks previously handled by humans. "The use of these tools has become even more relevant during the pandemic," said Frost & Sullivan's Baidya. (Venzon 2021) Roles that have traditionally been outsourced – including data processing, transcription, and a large proportion of call center work – will rapidly be replaced by technology solutions (such as automation) or freelancers with minimal overheads. Automation can be perceived as a threat, or an enabler. Regardless of how you see it, it's here to

stay and so you should get to know what it means to your career in BPO industry. (ROSTRON 2021).

In addition to the pandemic, a lot of new centers in the Philippines are developing and offers their services at a lower rate. The growth of the BPO industry is not only seen in Manila, but with other cities as well. Several commercial hubs are now growing in Cebu City and will continue to expand in the coming years. This pose as a direct threat to company D since they need to make sure that they are not just at par with the other companies in order to keep their employees and the business.

IV. COURSE OF ACTION

In 2020, the COVID-19 pandemic hit, disrupting all businesses including the BPO sector as containment measures pulled the global economy into deep recession. Tourism is one of the sectors most affected by the Covid-19 pandemic, impacting economies, livelihoods, public services and opportunities on all continents. All parts of its vast value-chain have been affected. (Tourism And Covid-19 – Unprecedented Economic Impacts nd).

The significant change in the structure of company D is attributed to the changing times not only to expand their services to provide the needs of their customers but also to thrive during the pandemic. Since people were encouraged to stay home to avoid the virus, travels were restricted and the company turned to lay-offs and unpaid leaves. Because of this, employees, even the best ones seek better opportunities where their wants and needs can be satisfied.

The company did not halt their operations despite the challenges during the pandemic.

V. RECOMMENDATION

Company D needs to consider scalability given the return of the travel, aviation and tourism industry where their business is heavily focused. Hiring the best people whom they have let go should be a top priority.

In addition, it is suggested to have a hybrid work setup to cater not only to the needs of the customers but also their employees. Though many would argue against the merits of remote or hybrid work based on very cogent reasons, these arguments often overlook the need for a balanced approach to successfully implement either a remote or hybrid workplace. The hybrid work model, in particular, is one that's appealing to many employees and employers as they prepare to return to the office

in some capacity or another. (Billie 2021) Hybrid work setup are anticipated to be adapted and are probable to endure.

The company needs to step up in offering a more competitive benefit that will cover uncertain times like that of what happened during the pandemic. The rise of new and upcoming companies would be a challenge since employees and clients may start looking for something new. These may include paid access to online platforms to find care, subsidized backup care, new parent support, cash subsidies to parents, among others. As one survey respondent told us, “Employees cannot leave their home life at the door. They bring their worries to work, and it impacts their productivity.” (Allen 2021).

VI. CONCLUSION

Company D is already able to cement their name on the market thus it is right away recognized by consumers and business-entities alike. It is a company that is proud of the passion and the energy of their people and nonetheless keeping their clients pleased.

Being able to bounce back amidst the pandemic as seen on their operational revenue boundary is a good sign of financial permanency and success. Being able to sustain the programs and their statistics during a global crisis demonstrates that the company have great leaders who knows how to run the business and that the company is adaptable to changes.

The company currently hold dealings and specializes in the aviation, travel and hospitality, cargo and ground handling and it is proven that they thrive and came out of the challenges brought by the time triumphantly.

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