

Outsourcing stems Philippines labour exodus

November 24 2011, by Cecil Morella

Malaysia-based computer whiz Arlene Teodoro packed his bags and flew home to the Philippines this year, going against the tide in an impoverished country that sends millions of workers abroad.

Forced to leave his family and friends in 2008 in search of a decent job overseas, the 35-year-old bachelor says he is back for good because his skills are suddenly in big demand amid a business process outsourcing boom.

"Nothing compares to being back in the Philippines," said Teodoro, part of a 30-strong computer science class at a Manila university in the early 1990s, most of whose members also went overseas to find work.

"When I was working abroad I'd use up all my vacation leaves to attend family events and reconnect with my family."

Teodoro now earns about \$3,000 a month as a business intelligence analyst for a US data mining firm, which uses powerful software to predict such key measures as future sales and trends for clients.

Big multinationals from [aircraft manufacturers](#) to retail chains are increasingly using these sophisticated tools, and the Philippines and India offer the most cost-efficient locales for such labour-intensive tasks, he said.

They also, crucially, have large English-speaking populations.

Data mining is one small part of the outsourcing phenomenon in the Philippines that has emerged from virtually nothing 10 years ago to become one of the country's most important economic planks and sources of jobs.

The Philippines has for decades suffered an exodus of people who have headed overseas to escape dire economic conditions, with one quarter of the population currently living on a dollar a day or less.

Nine million, or 10 percent of all Filipinos, now live overseas, performing low-skilled jobs such as maids and sailors, but also working as nurses, engineers and IT specialists.

They sent \$18.17 billion back to the Philippines last year, equivalent to 10 percent of the country's GDP, and their importance to the nation is such that they have earned the nickname: "Mga Bagong Bayani," or "Modern Day Heroes".

However the exodus has also led to a massive "brain drain" and caused social disruption as families are torn apart, with one or both parents going overseas and leaving their children at home with relatives.

But now the rise of outsourcing is giving many Filipinos a chance to stay at home.

The outsourcing workforce grew about 10 percent this year to 600,000, and is expected to expand to 900,000 employees by 2016, according to the Business Processing Association of the Philippines.

More than than 60 percent of the outsourcing jobs are in call centres with Filipinos fielding telephone inquiries from, or selling products to, customers across the globe.

Although they are the lowest-paid in the sector, an entry-level call centre job still pays between 14,000-20,000 pesos (\$325-\$465) a month.

This is roughly equivalent to what a Filipino maid would typically earn in a wealthier Asian country such as Singapore, or a seaman's starting salary in the global merchant fleet.

The local industry is also increasingly attracting work for higher-paying skills such as data warehousing, accounting and medical transcription, as well as creative work ranging from webpage design to animation and video games.

"Before, it was the call centre boom in the Philippines, but now it's more of really specialised skills," said Teodoro.

The Philippines has risen to have the second biggest outsourcing sector in the world behind India partly because it has a huge English-language workforce.

Filipino workers are also particularly prized in the United States and other Western nations because of their familiarity with their culture, a legacy of the Philippines' history as a former US colony.

"We have had expats telling us that working with Filipino teams is a very pleasantly unique experience, which they have not had elsewhere in the world," industry association senior executive director Gillian Joyce Virata told AFP.

The government has also sought to amplify the country's natural advantages by offering significant tax breaks for outsourcing firms and easing labour laws, such as one that used to bar women from working past midnight.

The industry association said outsourcing would generate revenues of \$11 billion this year, up from \$8.9 billion in 2010, and continue to grow by at least 15 percent annually to hit \$20 billion by 2016.

This would place the outsourcing industry's revenues almost on a level with the money sent home by overseas workers.

"This industry has provided a very big support to the economic environment of the [Philippines](#) in the past decade," Trade Secretary Gregory Domingo told an outsourcing forum recently.

Aside from the direct benefits of employing people, Domingo credited the industry with a wide range of other knock-on effects such as increased car sales and the explosion of 24-hour convenience stores.

[Outsourcing](#) has also begun to transform Manila's skyline, with skyscrapers rising to cater to big foreign banks and technology companies that have set up shop with workforces that run into the tens of thousands.

"The contribution of this industry cannot be overstated," Domingo said.

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