TURNOVER, VOICE, RISKS AND COLLABORATION IN PHILIPPINE CALL CENTERS:
Are public policy reforms needed?

by

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Sale and Bool (2005) noted that labor standards on hours of work were generally being met in the Philippine call center and BPO industry. Night work at the prohibited time interval for women employees, who constituted the majority, remained widespread. 51% of respondents were interested to join a union.

Later, Bool (2007) using logistic regression found that call center employees are predisposed to join a trade union if (1) they have lower monthly income, (2) the purpose of communication mechanisms at work is to merely inform, (3) availability of company rules and regulations is lesser, (4) they are younger, and (5) they have greater knowledge about trade union.

In a study commenced in 2008, the authors took a closer look at the model for employee voluntary turnover developed by James March and Herbert Simon (1958) and cited by Kochan (1980).

In the present study, the authors delve into turnover, voice, risks and collaboration in Philippine call centers, exploring their relationship, if any.
BACKGROUND
• Hirschman (1970) wrote about exit, voice and loyalty. As applied to employment relations, he noted that two possible responses to a decline in its quality are exit, where the employee leaves the firm, and voice, where the employee stays to articulate and push for work improvement. The latter response may be influenced by loyalty to the organization, as indicated by Hirschman. (Bool and Sale, 2009)
• Collaboration traces its roots to two schools of thought – classic liberalism (market individualism involving exchange and preferences) and civic republicanism (community integration of shared preferences). The participants in collaboration are co-laboring with each other. (O’Flynn and Wanna, 2008)
Figure 1 - Himmelman’s Forms of Working together (Source: Torres and Margolin)

Trust and Time

Network
- Exchange Information

Coordinate
- Exchange Information AND Harmonize Activities

Cooperate
- Exchange Information AND Harmonize Activities AND Share Resources

Collaborate
- Exchange Information AND Harmonize Activities AND Share Resources AND Enhance Partner’s Capacity

Based on concepts from A.T. Himmelman “Collaboration for a Change: Definitions, Models, Roles and a Collaboration Process Guide” and a tool developed by Lancaster Community Health Plan.
Figure 2 - The trust-building loop
(Source: Huxham and Vangen)

- Reinforce trusting attitudes
- Aim for realistic (initially modest) but successful outcomes
- Form expectations about the future of the collaboration based on reputation or past behaviour or contracts and agreements
- Have enough trust, be willing to be vulnerable and take a risk to initiate the collaboration
- Gain underpinnings for more ambitious collaboration
Prisoners’ dilemma

This trust-building loop is similar to the A1 situation contemplated in the equation for the prisoners’ dilemma and is akin to March’s rule-based decision making. In explaining the prisoners’ dilemma, March (1994) uses the equation $A_3 < A_1 < A_2 < A_4$, where:

- $A = \text{prison term of a certain length}$
- $A_1 = \text{if both cooperate and remain silent}$
- $A_2 = \text{if both do not cooperate and both confess}$
- $A_3 = \text{if one does not cooperate by confessing}$
- $A_4 = \text{if one cooperates and remains silent}$
Figure 3 - Source: Crow

![Diagram showing the relationship between assertiveness, cooperativeness, competition, collaboration, compromise, avoidance, and accommodation.](image-url)
## The Continuum of Collaboration Worksheet

**Instructions:** Given the definitions of networking, coordinating, cooperating and collaborating, identify the following:

- With an “x” identify which functions are most frequently used in your collaborative efforts
- Discuss how you might like to change this “mix”
- With an “o” identify where you would like to be (which functions you would like to use more frequently, etc.)
- Discuss and note what your collaborative needs to do to make this happen

<table>
<thead>
<tr>
<th>Function</th>
<th>Use Frequently</th>
<th>Use Sometimes</th>
<th>Hardly ever Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking (exchanging information)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coordination (Exchange information Alter/harmonize activities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation (Exchange information Alter/harmonize activities Share resources)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaboration (Exchange information Alter/harmonize activities Share resources Enhance capacity)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Blake (2008), citing March and Shapiro, explains that decision makers in organizations tend to be risk-averse if organizational performance is just above target level, while they tend to be risk-takers if organizational performance is just below or well above target level.

**Figure 4 – Risk taking and aversion**

Source: Blake18
METHODS

• The correlation among turnover, voice, risks and collaboration in Philippine call centers, if any, is determined and explained building on information generated from previous studies and using new data on income and turnover.

• The extent of risk-taking or risk-aversion is determined through Himmelman’s matrix of strategies for working together and an abridged version of Wolff’s The Continuum of Collaboration Worksheet.

• A group discussion on administrative investigation and grievance handling and Himmelman’s matrix of strategies for working together was conducted involving 12 graduate students in the University of the Philippines School of Labor and Industrial Relations as part of the core course Labor Standards, Justice and Equity. After the discussion, the graduate students were asked to respond to the worksheet exercise and simulate grievance handling. The results of the worksheet exercise and other data are presented in the next section of the paper. For quantitative data, percentages, ratios and proportions were computed. Scatter plots were also derived.
RESULTS AND DISCUSSION

- **Respondents’ Profile**
  67% of the respondents work in the call center and BPO industry, e.g., IBM Business Services, Inc., Sky Arrow Tech., Inc., Telus International Philippines, Emerson Electric Asia, Emerson Network Power, Teledevelopment Services, and Hewlett-Packard Philippines Corporation.
Collaboration, Risks and Voice

The following table shows the distribution of responses to the Continuum of Collaboration Worksheet –

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Use Frequently</th>
<th>Use Sometimes</th>
<th>Hardly Ever Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking (Exchanging information)</td>
<td>7 = O</td>
<td>3 = O</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 = X</td>
<td>5 = X</td>
<td></td>
</tr>
<tr>
<td>Coordination (Exchange information Alter/harmonize activities)</td>
<td>9 = O</td>
<td>1 = O</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 = X</td>
<td>6 = X</td>
<td></td>
</tr>
<tr>
<td>Cooperation (Exchange information Alter/harmonize activities Share resources)</td>
<td>7 = O</td>
<td>3 = O</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 = X</td>
<td>5 = X</td>
<td>1 = X</td>
</tr>
<tr>
<td>Collaboration (Exchange information Alter/harmonize activities Share resources Enhance capacity)</td>
<td>10 = O</td>
<td>7 = X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 = X</td>
<td></td>
<td>1 = O</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3 = X</td>
</tr>
</tbody>
</table>
Figure 5 - Where respondents would like to be
Figure 6 – Where respondents are.
<table>
<thead>
<tr>
<th>Employer’s Communication Mechanism with Staff</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulletin board, internal paper mail, email, intranet, team meetings (5)</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>Bulletin board, email, intranet, team meetings (3)</td>
<td>13</td>
<td>13%</td>
</tr>
<tr>
<td>Bulletin board, email, team meetings (3)</td>
<td>11</td>
<td>11%</td>
</tr>
<tr>
<td>Email, team meetings (2)</td>
<td>11</td>
<td>11%</td>
</tr>
<tr>
<td>Bulletin board, team meetings (2)</td>
<td>8</td>
<td>8%</td>
</tr>
<tr>
<td>Employer’s Communication Mechanism with Staff</td>
<td>Total</td>
<td>Percentage</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Team meetings (1)</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>Email, team meetings (2)</td>
<td>13</td>
<td>13%</td>
</tr>
<tr>
<td>Bulletin board, team meetings (2)</td>
<td>11</td>
<td>11%</td>
</tr>
<tr>
<td>Email, intranet, team meetings (3)</td>
<td>9</td>
<td>9%</td>
</tr>
<tr>
<td>Bulletin board, internal paper mail, email, intranet, team meetings (5)</td>
<td>7</td>
<td>7%</td>
</tr>
<tr>
<td>Intranet (1)</td>
<td>7</td>
<td>7%</td>
</tr>
</tbody>
</table>
In terms of availability of work rules, purpose of communication mechanisms at work and interest to join a union, Bool (2007) noted that –

- company work rules were available for 86% of her respondents
- changes in company work rules were available for 77%
- the purpose of communication mechanisms at work is to inform (not consult) for 58%
- 62% would be interested to join an affordable, principled and efficient union

Sale and Bool (2005) reported in their earlier study that –

- company work rules were available for 83%
- changes in company work rules were available for 72%
- the purpose of communication mechanisms at work is to inform (not consult) for 54%
- 51% would be interested to join an affordable, principled and efficient union.

According to the Congressional Planning and Budget Department, House of Representatives, in 2006 the industry earned approximately US$2.7 billion in total revenues and employed nearly 160,000 agents.

BPA/P estimates call center revenues at US$5.29 billion in 2010.

The Philippine attrition rate is relatively manageable at 50% to 60% (computed as the number of employees who left the company divided by the number of those who joined the company in a particular period). A contact center agent stays with the employer for an average of two (2) years in the Philippines compared to six (6) months in the USA. The high attrition rate is partly due to the non-regular nature of agents’ employment.
Through the exercise of the rights to self-organization and collective bargaining, terms and conditions of employment may be negotiated, fixed, arranged or modified over and above minimum standards. The first step involves the labor organization’s formation, registration and acquisition of majority status. Once certain preconditions are met, the second step is set in motion and the parties negotiate on proposals and counter-proposals as part of their duty to bargain collectively. The third step involves the administration or implementation of the CBA, during which grievance handling and voluntary arbitration are crucial.
In 2007, a new law came into effect in the Philippines – Republic Act 9481 – to strengthen the right to self-organization. Among its major features are the relaxation of requirements on charter registration of union locals or chapters, the eligibility of the unions of rank and file and supervisors in an establishment to join the same national union or federation, the removal of certain grounds for cancellation of union registration, and the applicability of the “employer bystander rule” during representation disputes. Under said rule, the employer is regarded as a bystander because the employer shall not be considered a party to the representation dispute.

These changes are designed to make it easier for workers to organize and bargain collectively. But the DoLE has yet to issue the rules and regulations to implement the provisions of the law. Up to now no union has been organized and, consequently, there is no CBA in the Philippine call center and BPO industry.
CONCLUSIONS

- In Philippine call centers, the tendency for risk aversion is reflected in data showing that 58% actually use collaboration, while another 50% actually use coordination, sometimes in the workplace, albeit company culture has been cited as a key factor in a workplace that really hardly ever used collaboration. This (risk aversion propensity) is evident as well from data indicating that a larger proportion would like to use collaboration and coordination more frequently in the workplace.
CONCLUSIONS

- Voice regimes extant in call centers – bulletin board, internal paper mail, email, intranet, and team meetings – are, at least, forms of networking (exchange of information). At most, they could partake of the nature of coordination (exchange of information and harmonization of activities). This is buttressed by data showing that networking is highest in terms of frequent use, followed by coordination. This is also supported by data exhibiting high and still increasing demand for voice through unions, which could pave the way for cooperation and collaboration via CBAs.
CONCLUSIONS

The success (in terms of persistence) of existing voice regimes may be attributable to the variety of employer communication mechanisms with staff which has increased or widened over time. A combination of electronic and non-electronic forms of communication is now available. However, their persistence also contributes to the rising demand for more meaningful voice regimes, i.e., those in the nature of cooperation and collaboration as indicated by those interested to join an affordable, principled and efficient union. In that sense, unions are not rendered superfluous.
CONCLUSIONS

- But public policy reforms making it easier to organize non-regular employees and form industry unions are necessary in light of high turnover rate. Moreover, the 20% requirement for independent registration must be relaxed, if not eliminated, given employment size in the industry. Unions should start organizing non-regular employees and focusing on recruitment. But unions ought to address company culture in the process. And the DoLE must immediately issue the implementing rules and regulations of Republic Act 9481.
CONCLUSIONS

There appears to be a positive correlation among turnover, demand for voice, risk aversion (as indicated, for instance, by the greater desire to use networking, coordination, cooperation, and collaboration more frequently in the workplace), and income or revenues as these variables tend to perform in a synchronized manner. For as noted by Hirschman, voice will also be animated by the belief that human institutions can be perfected and problems can be solved, and the compulsion to be happy will be replaced by the compulsion to use voice.