

Establishing a Call Center in Surigao del Sur, Philippines

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ABSTRACT

The study investigated the capability of establishing a call center in Surigao del Sur, Philippines. Thus, a positive result can benefit young professionals, business people, provincial government, and future researchers. The study utilized the quantitative research method. The respondents of the study selected through random sampling were the local government units, real estate professionals and the private sector. The results of the study disclosed that the communication facilities in Surigao del Sur are moderately favorable. For the area, it is highly capable of establishing a call center. Finally, the study recommends the proposed action plan, intervention program, and project proposal to any entrepreneur or investor who wants to venture into the call center business. Moreover, this research can also be a baseline data for those researchers who would like to conduct a feasibility study in establishing a call center in Caraga Region XIII.

KEYWORDS

Call center, Action Plan, Intervention Program, Project Proposal Capability Study, Call Center Agents, Entrepreneur, Local Government Units, Real Estate Professionals, and Private sector.

INTRODUCTION

A call center is a centralized division where phone calls from current and potential clients are engaged (Tech Target, 2016). The Philippines, a developing country, remains an attractive site for offshore voice BPO services due to its supply of English-speaking professionals, low labor costs, and accessibility of a good telecommunications organization. Call centers can manage inbound and outbound calls and be situated either within a company or outsourced to another company that focuses on handling communication. Critical factors in site location are the size and type of labor available. The right mix of people helps managers hire successfully. Thus, they meet the objectives of the center. The number and type of employees it can appoint and retain lies in the location of a call center. According to Asian Briefing News, the Philippines Development Plan regarded the BPO (call center) industry as a priority since it is necessary to the country's ten high significance development areas.

BPO is defined by the Philippines Department of Trade and Industry (DTI) as the delegation of service-type businesses handled to a third-party service provider. The following sectors are generally divided into contact centers, back-office services, data transcription, animation, software development, engineering development, and game development. The Philippines constantly ranks among the top five BPO locations. English proficiency is much higher in rate in the Philippines (Tech Target, 2016). Filipinos think in English, unlike most of their Indian counterparts. Thus, the dominance of English in the Philippines is very high. The Philippines has the utmost standard of English in Asia, followed by India, Sri Lanka, and Nepal, according to The Asian Call Centre Review. The Australian-based HR Company reported that the Philippines has a 92.5 percent English proficiency rating. Also, Filipinos have many Western cultural influences known and accepted internationally.

Though the industry viewpoint is very positive, future difficulties remain, mainly due to possible policy shifts announced by the Philippines Government. One primary concern is the possibility of proposed changes to the tax holiday benefits that currently are in place that allow temporary declines or eliminations of corporate taxes. This plan has discussed the reduction of tax holidays for the BPO industry, with the cooperation of having their income tax reduced from 30 percent to 15 percent (Asian Briefing News, 2017). The danger here, according to industry experts, is that

though tax costs would decrease, this might serve as a warning for foreign companies to enter the Philippine market due to a reduction of the country's competitive advantage. Other possible concerns to the BPO industry are the possible lack of qualified employees because Philippine universities are being unable to cope with the high increase in an educated labor force, as well as high turnover rates and the rate at which employees are replaced. (Tech Target, 2016).

With the concerns stipulated above, the researcher is inspired to conduct this study to determine the capability of establishing a call center in Surigao del Sur. Thus, a positive result can be beneficial to the young professionals, to the business people, to the provincial government, and future researchers as this study will provide additional information for a similar capability study in Caraga Region.

FRAMEWORK

This study is anchored in the various theories applicable to establishing of a call center. Demand theory supports the reason why call centers are established throughout the country. It is a concept concerning the relationship between consumer demand for goods and services and their prices. Demand theory practices the basis for the demand curve, which relates to consumer desire to the number of goods available. Applying the theory, good or service increases, demand drops, and so does the equilibrium price. People of demand for goods and services refer to the satisfaction of their wants. The demand for a product reveals the satisfaction that consumer expects from consuming the product. This is known as utility; it differs from consumer to consumer. The demand for a good or service depends on two factors: (1) it is a function to satisfy a want or need, and (2) the consumer's ability to pay for the good or service.

In conclusion, actual demand is when the willingness to satisfy a want is backed up by the individual's ability to pay. Chang and Chong (2011) discovered service quality, corporate image, price, customer satisfaction, and service loyalty of Malaysian telecommunication companies. The outcomes showed that service quality, corporate image, and price were customer satisfaction predictors. The findings also presented that price had the most impact on consumer satisfaction. The authors concluded that it is imperative to increase the quality of mobile phone services.

Another theory that supports the study is the theory of income and employment of JM Keynes (1884-1946). The Principle of Effective Demand is based on this theory. According to this theory, given the amount of capital, technology, and quality of labor, a country's national income, can be improved by increasing employment. Hence, the higher the national income of a country, the higher the volume of employment. Thus, the issues that would classify the economy's level of national income would also determine its level of employed workers. In addition, he also specified what economic policies be accepted to manage and maintain full employment and thus raise the level of national income.

The theory of transaction cost analysis is another theoretical basis of the study. It combines economic theory with management theory. This theory determines the best type of relationship a firm should develop in the marketplace. It strengthens the purchasing discipline that uses an analysis of the factors. Also, this theory determines the internal and external boundaries of the firm. The principle is that the properties of a transaction determine what constitutes the efficient governance structure - market, hierarchy, or alliance. It stated that factors that produce transactional difficulties include: bounded rationality; opportunism; small numbers bargaining; and information impact (Thinking Made Easy, 2016)

These three theories were related in the present study because careful planning and decision making are needed putting up a business plan to determine if the Surigao del Sur is capable of establishing a call center to satisfy the needs of the customers and business establishments at the same time help uplift the economic status of the local government units.

The relevance of considering the area demographics, cost of living, income, and availability of communication facilities, this study also anchored its concept on the Marketing Mix foundation model (1960). It is a tool used by businesses to help determine a product or brand's offering. The 4Ps make up a typical marketing mix- price, product, place, and promotion. However, nowadays, the marketing mix increasingly includes several other Ps like packaging, positioning, people, and even politics as vital mix elements. All these elements influence each other as they make up the business plan for a company.

The independent variables of this study in the first box include the demographic profile of Surigao del Sur: 1. Population and income of province of Surigao del Sur; 2. Age and income of the public and private sector. These

variables are important since it signifies the role to play in expressing the most significant characteristics in understanding the respondents' views about the study.

OBJECTIVES OF THE STUDY

The purpose of this study is to determine the level of capability of Surigao del Sur in establishing a call center. Specifically, it aims to identify the demographic profile of the respondents, the level of capability of Surigao del Sur in establishing call centers as perceived by public and private sectors, determine the significant difference between the responses of the public and private sectors on the capability of Surigao del Sur in establishing call center, and enumerate the course of action can be proposed based on the findings of the study.

METHODOLOGY

Research Design

The study utilized the quantitative research method. The quantitative technique is adopted because it allows the researchers to get facts and not abstract about the level of capability of Surigao del Sur in establishing a call center. Furthermore, this method of research can describe in detail the perceptions of the respondents on the ability to have a call center in the province.

Research Locale

The province of Surigao del Sur was used to conduct the study. The region of Surigao del Sur is chosen to be the venue of the study, for it is considered as one of the potential provinces in the country. This province composes of the inauguration of two (2) cities with seventeen (17) developing municipalities. Aside from this, the researcher is a resident of this area and has first-hand experience of its economic situation.

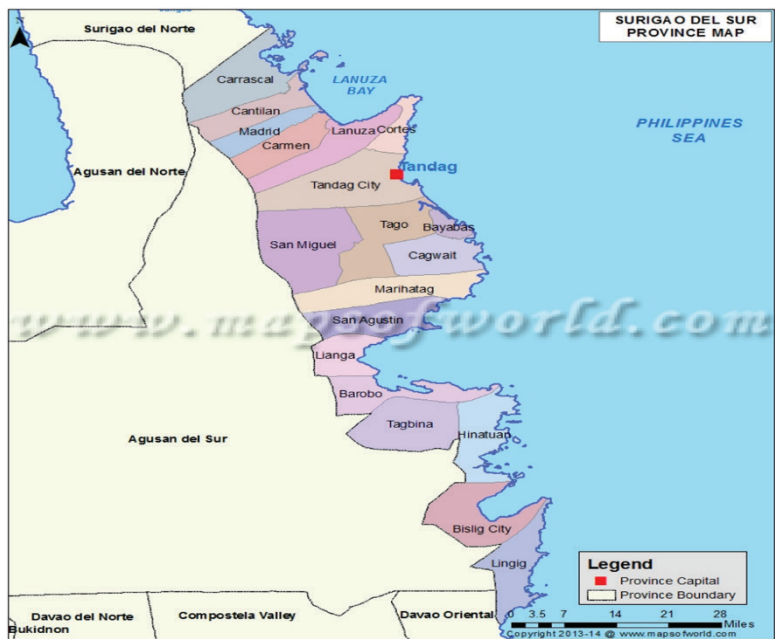


Figure 1. Map of the research locale

Research Instrument

The questionnaire was the main tool applied by the researcher in gathering the needed data and information from the selected respondents. It is a research instrument that is made by the researcher from a series of library researches and online surfing. A questionnaire which answers the problems needed for the study was formulated by the researcher.

Data Collection

The researcher gathered the needed data and information for the problems of the study by utilizing the following steps: the researcher made an approval letter noted by the adviser and approved by the dean of graduate school. Moreover, the researcher sent a letter seeking permission to conduct the survey to the Provincial Governor for the utilization of local government units as respondents of the study. Likewise, the researcher sent a letter to the City and Municipal Mayors and also to the heads of the agencies in which the respondents and informants are connected.

Upon its approval, the researcher asked permission from the respondents to distribute the survey questionnaires. The researcher personally approached the respondents to conduct and facilitate the gathering of data. The collected data through the questionnaire was tallied, scored, and classified with the aid of the statistician. The results were analyzed and interpreted based on the statement of problems of the study.

RESULTS AND DISCUSSION

Population and Income of the Province of Surigao del Sur

The population is 592,250, and it is based on the Philippine Statistics Authority (2015). On the other hand, the income is 19,953,007.70 as of 2017. This is the total income from real property, business, and other sources. The Provincial Treasurer's Office provided the data on income.

Demographic Profiles of Respondents

The age ranged that got the highest rate is ranging from 36 to 40 years old and the lowest frequency of 9% or nine respondents out of 100 respondents with ages ranging from 31-35 years old. The result is in consonance with the data from NSO (2007) that in Surigao del Sur majority of the gainful worker is 35 to 39 years old.

The majority of the respondent, or 61% of them, earned 10k to 20k. On the other hand, only 1% or 1 out of 100 respondents earned a monthly salary ranging from 51k and above. This result was due to the position they have in the office where they are presently connected. The data is also in line with the survey results showed in the Philippine Statistics Authority (2015) that the average annual family income of Filipino families was nearly 255 thousand pesos or 21,250 pesos per month.

Availability of Communication Facilities in Surigao del Sur

Table 1 presents the availability of communication facilities in Surigao del Sur. It reveals that as to cell sites showed in the municipalities got the highest mean of 3.96 while 1.75 got the lowest of mean, which means that all major telephone services providers are present.

This outcome means that respondents in Surigao del Sur see that communication availability is moderately available. However, Telephone services or landline services utilized in the province of Surigao del Sur are

described as lowly available. It implies that the internet connectivity in the province is not stable. This is in contrast to the needs of call center establishments. According to BPOSEATS.COM (2018), having a good internet connection is very important and critical when it comes to Call Center or BPO operations. Since telephone services or landlines like PLDT uses Fiber Optic, which is according to Lieber (2015), fiber optic transmission is faster and less attenuated over copper and wireless broadband.

PLDT has cited the expansion of its fiber-powered fixed-line network by about 80% to reach around 4 million homes approved by the end of the year, making ultra-fast internet connection via fiber-to-the-home (FTTH) service available to more subscribers. It is also deploying high breed technology to let existing customers connected via copper facilities enjoy fiber-like speeds (PLDT News, 2017).

Table 1. Availability of communication facilities in Surigao del Sur

Communication Facilities	Mean	Adjectival Rating
1. Cell sites are present in the municipalities	3.96	Very highly available
2. All major service providers for mobile phones are used in the municipality.	2.56	Moderately available
3. all major telephone services are utilized in the municipality	1.75	Lowly available
4. Government fixed/land/mobile radio stations are present in the municipalities	2.53	Moderately available
5. Non-government fixed/land/mobile radio stations are existing in the municipalities	3.95	Moderately available
Over-all Mean	2.95	Moderately available

Level of the Capability of Surigao del Sur in Establishing Call Center

For real state availability, public and private sectors have the same perception that Surigao del Sur is moderately capable of establishing a call center with a mean of 2.96 and 3.16, respectively. In line with this, according to Cresa (2016), to have a successful call center, an establishment location strategy is essential. One of its considerations is the real estate availability of the area, and call centers frequently opt to rent in the shopping center. Moreover, Surigao del Sur only has two small malls like Gaisano Capital in Tandag City and Bislig City (Gaisanocapital.com, 2018).

In the indicator of area demographic, still public and private sectors perceived that Surigao del Sur is highly capable of establishing a call center

with a mean of 3.17 and 3.64, respectively. Cresa also added that in starting call center area, demographic or saturation is relevant. Since, according to Heller (2010), demographics are of main importance to development, but this link is often ignored. He also examines the implications of demographics on infrastructure investments in developing countries and their importance in achieving economic growth. Since the bigger the share of the working-age population, the greater the demands for infrastructure that can help to facilitate the creation of jobs, including groundwork that complements and enhances the productivity of the private sector. In Surigao del Sur, according to PSA (2010), the working-age population (15 to 64 years) accounted for the remaining 59.6 percent or 334,475 out of 561, 200 total population of Surigao del Sur in the year 2010.

In terms of the cost of living in Surigao del Sur, the public and private sectors have the same perception that Surigao del Sur is highly capable of establishing a call center with a mean of 3.20 and 3.71, respectively. One of the essential factors in establishing a call center is the cost of living in the province. According to Borillo (2014), it makes a lot of sense for business owners to choose Philippines as the site where they can develop their business and functions because of the low-priced operation expenses.

However, for the indicator of qualified workers, the public and private sectors have different perceptions. Since the public sector perceived that Surigao del Sur is moderately capable of establishing a call center while the private sector observed that Surigao del Sur is highly capable. Their total mean of 3.74 indicates that the qualified worker in Surigao del Sur is highly capable. Borillo (2014) further added that Filipinos value education as an invaluable wealth. And the numbers reveal that the country has a very high literacy rate of about 92%. Moreover, Surigao del Sur has potential graduates from the province and even nearby provinces and cities. Borillo also added that even though the official language is Filipino, English is the common language for business and education in the Philippines.

Thus, the overall mean of the four indicators based on the perception of the public sector revealed that they perceived Surigao del Sur is moderately capable of establishing a call center. While the private sector perceived that Surigao del Sur as highly capable of establishing a call center.

Table 2. Level of the capability of Surigao del Sur in establishing Call Center as perceived by the public and private sectors

Indicators	Public Sectors		Private Sectors		Total Mean	Over-all Adjectival Rating
	Mean	Adjectival Rating	Mean	Adjectival Rating		
Real State Availability	2.96	Moderately Capable	3.16	Moderately Capable	3.06	Moderately Capable
Area Demographics	3.17	Highly Capable	3.64	Highly Capable	3.41	Highly Capable
Cost of Living	3.20	Highly Capable	3.71	Highly Capable	3.76	Highly Capable
Qualified Worker	3.39	Moderately Capable	4.09	Highly Capable	3.74	Highly Capable
Over-all Mean	3.18	Moderately Capable	3.65	Highly Capable	3.42	Highly Capable

Significant Difference Between the Public and Private Sectors on the Capability of Surigao del Sur in Establishing a Call Center

It is reflected in the table that the computed t is 25.00, and the p – value is 0.000 which is less than 0.05, so, the null hypothesis is rejected. Thus, responses of public and private sectors on the capability of establishing call centers significantly differ. This is in line with Goresponse (2010) that when it comes to call centers, many people believe that it is only private sector companies that utilize telephone answering services to sell products or provide customer services. Moreover, according to Nuxiba (2014) that call centers have helped many private sectors to improve their service, since they provide clients with the opportunity to solve any doubt from the comfort of their own home.

Table 3. Significant difference between the public and private sectors on the capability of Surigao del Sur in establishing a Call Center

Sources of Variation	Computed t	p-value	Decision	Conclusion
Responses of Public and Private Sectors of the Capability in Establishing Call Center	25.00	0.0000	Reject Null Hypothesis	Highly Significant

CONCLUSIONS

Stable high-powered internet connection, updated telecommunication facilities, and support from the Local government unit on the improvement of Telecommunication facilities and the establishment of landline connections to the province of Surigao del Sur are essential in the establishment of a call center. If these will be met, the province shall be capable of establishing a call center located in any municipality included in this study.

Public and private sectors had highly important views in terms of the capability in establishing a call center in the province of Surigao del Sur as to its real estate availability, such that areas in this province are vast, but some do not have an internet connection which is considered the first requirement in establishing a call center. Another point that garnered various responses is area demographics, cost of living and qualified workers. Some respondents were doubtful, and some were positive that these following aspects could make the establishment of a call center possible in the province of Surigao del Sur.

RECOMMENDATIONS

Based on the conclusions, the researcher proposed the following recommendations; the Provincial Government should help private sectors to develop the communication facilities,

Improvement of the internet connections in the province or a capability study in establishing landline with fiber optics in our area is a priority,

Business people are encouraged to create a new establishment that can help generate the income of the provincial government thus encourages call center companies to establish their companies in Surigao del Sur.

Entrepreneur or investor who wants to venture in the call center is encouraged to utilize the proposed action plan and intervention program of this study. These entrepreneurs should take careful analysis of the factors that could affect the future business and keenly make strategic decisions.

Moreover, this research can also be a baseline data for those researchers who would like to conduct a feasibility study or capability study in establishing a call center in Region XIII.

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