

The Reward System of Selected BPO Companies Related to Their Experiences in Achieving Company Objectives

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Abstract: During this time of the pandemic, the business process outsourcing (BPO) Industry became more evident and the most applied job for the Filipino people, most especially those youths who stopped studying due to the struggles during Covid-19. But because of different problems brought by the pandemic, the stress of the BPO employees weighs more than before, which could affect their work performance toward achieving company objectives.

This study aims to know how the reward system in BPO companies can affect both call center agents and the company's Human Resource Manager, based on their experiences. Guide questionnaires were used and one-on-one interviews were conducted to gather necessary information and their experiences about the said topic.

From the analysis, it is found that implementing a rewards system in a BPO company can boost employees' morale, reduce attrition rate, and has negative and positive effects on—the employees.

The study will be significant, primarily for both call center agents and the human resource managers of every BPO company, because this will help them to know different perspectives of both stated positions, about how reward systems and/or incentives affect—their performance toward achieving company objectives, most specially this time of the pandemic.

Keywords: Reward system, Incentives, BPO Company, call center agents, experiences

I. INTRODUCTION

Globalization has brought about closer relationships between distant nations of the past. Almost every country in the world has reached new heights as a result of globalization caused by the relentless march of people towards modernization through invention and innovation. According to Ospina, Beltekian (2018), over the last two centuries, trade has grown significantly and has completely transformed the world economy, as evidence has shown. With this, as of today, about a quarter of the world's total production was exported (Ospina, 2018).

In this regard, massive growth in demand for offshoring and outsourcing in the services sector became one of the most vital economic factors that opened up new opportunities for the growth of the Philippines. During the year 1992, the

International Global Resource Center served as the catalyst for starting the local BPO Industry in the Philippines. Then, the Special Economic Zone Act was passed by the Congress three years later, which led to the establishment of the Philippine Economic Zone Authority also known as PEZA. As a result, the nation's international BPO was provided with countless new opportunities. According to PEZA, BPO is the outsourcing of a business process, such as a service, to another service provider. There are different categories of BPO in the Philippines, such as the commonly known call centers, data transcription, animation, game development, back office services, software development, and engineering development. Among these categories, call center agents are the most common category in the industry (ASEAN briefing, 2017).

The Philippines has made a name for itself in the Business Process Outsourcing (BPO) sector, and the market is expected to grow further in the future. Due to its relatively low living costs and a predominantly young, educated Filipino population fluent in English, BPO is becoming an important growth business for the country. (ASEAN briefing, 2017). And as the whole world was struck by the COVID-19 pandemic, The country's (BPO) sector grew last year despite the negative economic consequences of the pandemic. Rey Untal, Chairman of the Information Technology and Business Processes Association of the Philippines, reported that both industry revenues and headcount increased by 1.4% and 1.8%, respectively. (Philippine Daily Inquirer, 2021). According to the IT & Business Process Association Philippines (IBPAP), the BPO sector is one of the two major pillars of the country's economy. As a matter of fact, the country's industry has overtaken India as the call center capital of the world, in which the Philippines brought \$ 26 billion in the year 2019 and employs 1.3 million people at more than 1,000 companies around the country (Lee, 2015).

However, despite the favorable economic outlook of the BPO sector, it has its own challenges and internal issues. One of them is the industry's high attrition rate of employees, which surged as high as 50%. (Faizo et al., 2017) Another issue in this industry is maintaining the employees' motivation. As important as it is, in a demanding workplace like call centers,

organizations are strongly encouraged to maintain their workers' high levels of motivation. Kaur (2012) discovered that performance and motivation are important factors in employee's mental health. Research on burnout as a predictor of poor performance and attrition among call - center employees has been the focus of previous exploratory studies. However, looking at the HR side of the industry is also an important factor to consider in addition to burnout and other significant aspects (Nyberg et al., 2014).

Many studies have shown that the reward system in a BPO company is an effective tool to keep the employees motivated. The purpose of this study is to know the experiences of the call center agents and human resource managers about it by sharing their experiences, most specially for those under work-from-home and in a hybrid setup during this time of the pandemic.

BPO Companies on Reward System

BPO call center employees are susceptible to stress since they must constantly maintain composure and consideration for their clients, even when those clients are infuriated. At worst, this can result in mental and emotional exhaustion.

One of the bases of motivation, productivity, and loyalty is job satisfaction which is derived from different factors; From work environment, to promotion policies, personal growth opportunities, relation with supervisors and management, relation with colleagues, and work-life balance that determine a person's level of job satisfaction (Bertesteanu, 2020).

According to an article by Sodexo (2019), The competition for getting talents with in-demand skills in the Philippines industries is tough. It implies that the BPO industry demand is still growing with abundant talents. While on digital marketing, startups and big companies that are transitioning to digital are scarce with skilled talents (Sodexo, 2019). Human Resources among financial, human, and economic resources are the most crucial since they possess the capabilities to endow a company with a competitive edge (Singh, 2015). Everyone wants to feel appreciated by their efforts no matter what the positions and title of the person from the company and managers (Sahadi, CNN Business, 2019).

Reward System on Performance

From an article of Edition CNN (2013) it discussed that working for a better boss and good working environment are most likely preferred by employees rather than to work for the sake of money and salary increase. It was not a long term winning-strategy. The basics of human motivation to be considered in order to motivate employees (Edition CNN, 2013).

For an organization's performance management, a rewards system that combines both monetary and non-monetary incentives has become essential. Employee engagement can have a significant role in a business' success. When employees are motivated to produce more, the business runs more

efficiently and effectively to achieve its goal (Noorazem, Nazir, and Sabri, 2021).

The Concept of Reward System

According to a research article from Gartner (2021), total rewards refer to the sum of a worker's benefits, pay, and rewards. The Human Resource Department manages to effectively combine intrinsic and extrinsic value in order to maximize workers' productivity through a variety of rewards, including a beneficial impact on their career chances, a suitable increase in pay, and bonuses (Gartner,2021).

The reward system is usually based on cash rewards to motivate employees such as sales commission, annual or periodical bonuses, employee awards, etc. While non-financial incentives are through performance appreciation letters, recognition of performance publicly, providing improved working conditions, increasing diversification in the job description, job rotation, etc. (Armstrong, 2013).

Categorization of Reward System

According to an article from Bravowell (2019),two specific categories of a reward system exist, known as the extrinsic and intrinsic rewards. Extrinsic rewards are visible rewards offered to labor such as pay hikes, benefits, workplace environment, working conditions, and promotions. On the other hand, intrinsic rewards are psychological factors by employees splendid work performance such as learning and development, recognition, appraisal, and meaningfulness. The Economic Times (2021) defines extrinsic Rewards as distinct, usually fiscal in nature, bonuses, and awards.

This study aims to determine how the reward system or incentives in a BPO Company affects the employees' achieving company objectives. The participants are limited to HR Practitioners/Managers and BPO employees that have enough background and familiarization with their company's Reward System.

After the data gathering, the researchers found gaps in the body of knowledge based on the collected answers from the participants. Subject participants shared insights such that (1) the BPO clients have a diversified personalities and moods resulting in a stressful environment for the employees. (2) While some employees tend to seek too many physiological rewards such as validation and recognition for every job done. (3) Also, there is a high attrition rate in BPO sectors due to the existing competition in the industry. (4) A rewards system lacks the option of different benefits on each working setup (e.g., work from home, on-site, hybrid) that was chosen by the employees. (5) And not all Human Resource managers are receiving rewards or incentives because the focus of the company is their agents.

II. METHOD/S

Qualitative narrative approach was used in this study as a research method to know and understand the perspectives of the Human Resource Managers and BPO call center agents,

and for them to be able to share their experiences on how the reward system affects employees' performance towards achieving company objectives, most specially in the times of Covid-19. Purposive sampling was used as the sampling method for the participants in this study. According to Cresswell & Plano (2011), this type of sampling requires finding people or groups of people who are highly experienced in the topic of interest, which in this study, the reward system of BPO companies. There are two (2) classifications of participants in this study and are both selected according to the following criteria: (a) participants should be a Human Resource Manager/Practitioner or a BPO call center agent/ customer service representative, and both must have enough background and familiarization with their company's reward system, and (b) participants must be currently employed in any BPO company within Metro Manila, Philippines. This study has a total of four (4) participants, which consist of two (2) call center agents and two (2) human resource managers.

To start the data collection, the researchers started prospecting for participants based on the criteria. After that, an informed consent was sent and asked to be signed for the data gathering to start. They were also asked for their preferred schedule to conduct the online interview for their own convenience, with allotted time of 15 to 20 minutes for each of the participants, to gather their experiences for the said research study. A structured direct type of interview was used for formal discussions and data gathering, and guide questionnaires were also given for them to have an idea about the questions and to give them time to better formulate their answers before the interview. The interview was recorded for the purpose of transcribing and translating their narratives or answers during the interview, which was consented by the participants. After the interview, an appreciation token was given to each participant to show gratitude for their participation.

After gathering the data, data analysis started. The recorded interview session was used to transcribe and translate their answers. Each of the participants were given a copy of it. The collected data were processed, analyzed, compared, and examined thoroughly by the researchers and from it, data were formatted into themed and coded versions.

III. RESULTS AND DISCUSSION

Reward system as a key factor to boost employee morale.

During this time of the pandemic, the reward system is one of the things that keeps the employees motivated to do their job. It is something the employees are looking forward to, monthly or quarterly, especially for those who are in a work-from-home setup. Sahadi, 2019 from CNN Business report was proved based on our findings and results from the participants which support the article that everyone wants to feel appreciated by their efforts no matter what the positions and title of the person from the company and managers (Sahadi, CNN Business, 2019). For them, it is some kind of an appreciation for their hard work the whole quarter, and they

feel good for receiving something out of their efforts and performance.

Reward System as a key to lessen attrition rate.

The reward system is helping to lessen the employee attrition rate in the BPO Industry. When management fails to provide adequate rewards, employee dissatisfaction increases, and high levels of employee dissatisfaction lead to high levels of demotivation (Ali, 2016). During this pandemic, most of the employees are seeking a company that has good perks, incentives, or rewards even though the salary is not high, aside from a healthy work environment. Our research participant concluded that it tends to motivate them whether they are work-at-home or hybrid setup to work at their best in order to achieve the implemented monthly or quarterly rewards/incentives in their company, and it benefits both the employees and the company.

Positive and Negative Effects of Base Pay Adjustment for Top Performer Employees.

While base pay adjustment improves recruitment, boosts morale, and high-performing employee retention, it can also negatively affect them in terms of high-stress which may affect the quality of their work. The value of quality over quantity will be at risk, because the rubric for this kind of incentive is quantifying accomplishments. Another negative effect of it is on top performers' pressure to always be on top. They will work harder each day to achieve that reward, not noticing they neglect their health and well-being. While for those employees that have never been top performers, it will give them so much pressure to be one.

Rewards system as a vital element to uplift accountability.

Given a company's competitive base pay, a reward system is necessary for a company to either maintain or strengthen employee accountability. Identical to the theory used in the frameworks, the "Reinforcement Theory", states that there are various types of reinforcement that can influence employee behavior in the workplace.

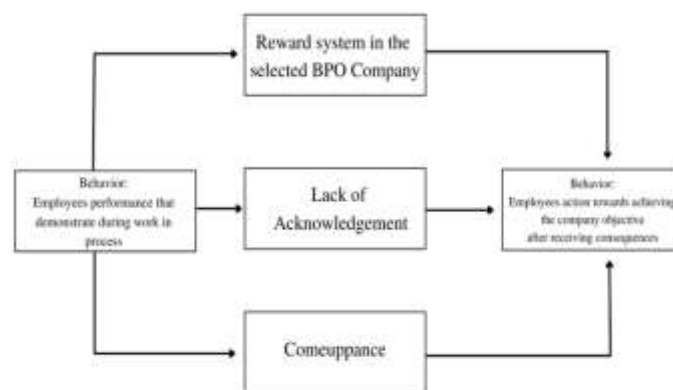


Figure 1. Data Analysis derived from Reinforcement Theory by B.F. Skinner

Mainly that some members of the current generation, particularly the new age which is generation Z and other

millennials, require such incentives or rewards in exchange to persuade them to do something. Knowing the ages from that generation constitute a sizable proportion of the workforce. As stated in the Philippines Statistics Authority (PSA), most likely there are a total of 7.30 million who were employed over the total of 20.14 million population of the age range from 15-24 years old as of May this current year. Having mentioned the phrase "exchange to something" this also includes either positive or negative rewards.

IV. CONCLUSION

Rewards and incentives are essential factors to decrease attrition rate and increase the employee's satisfaction to work and stay in a company. As Noorazem, et al., (2016) discussed their findings, reward and incentives, whether monetary or non-monetary, it encourages the employees to work at higher levels of productivity to achieve company objectives. While our findings and results from the participants in his research, even amidst the (pre and post) pandemic, are also suggested for better working experience for the sake of the employees and company setup.

Employees, whether they work-at-home or onsite, tend to seek a company that offers good rewards, incentives, and perks instead of a company that offers a high salaries but has limited rewards, because it motivates them to work harder. A BPO company implements a reward system to keep their employees motivated during this time of the pandemic, people tend to be exhausted. They are giving the employees something to look forward to, to stay on achieving company objectives while gaining themselves a reward.

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