

CHAPTER 1: INTRODUCTION

1.1 Background of the Study

The Philippine business process outsourcing (BPO) industry continues to be a key driver of the national economy, contributing approximately \$40 billion in revenue for 2025 or roughly 10% of the country's gross domestic product (GDP) with 1.9 million full time employees to close the year in accordance with Information Technology and Business Process Association of the Philippines (IBPAP) 2025 industry data. This has translated to a 5% increase in export revenues, 4% job growth and 3% global industry growth despite macroeconomic tensions (Zapanta, 2026). Correspondingly, the gig economy -- comprising around 1.7 million Filipinos according to the June 2021 Philippine Labor Force Survey -- has also experienced rapid growth, with annual earnings increasing by 35% (Payoneer, 2022). As a lower-cost alternative for employers, and a higher-income opportunity for workers, the gig economy has emerged as a viable and dependable livelihood option (Estiller, 2025). An increasing competition is perceived between the gig economy and the traditional outsourcing sector as BPO professionals shift toward the flexibility and autonomy offered by gig platforms (Soriano, 2021).

Despite this competition, both industries are similarly challenged. The recent announcement of Accenture's global restructuring, which includes cutting nearly 22,000 jobs in 2025 (InsiderPH, 2025), highlights the broader concerns around job security and the disruptive impact of AI-driven transformation. These developments are particularly significant for both non-voice workers in the BPO industry and gig sectors because the rapid advancement of AI technologies has intensified challenges related to cost efficiency, cybersecurity risks, and workforce displacement, compelling both industries to adapt and redefine their skill sets.

By addressing the triple threat of cost, cybersecurity, and AI adoption, the research contributes to the existing business and regulatory framework and strengthens it to ensure that the Philippines sustains its global leadership in business process outsourcing while developing a competent and resilient gig economy that complements, instead of competes with, the BPO sector while ensuring fair compensation, regulatory compliance and workforce protection.

1.2 Statement of the Problem

The Philippine BPO industry and the gig economy operates within the overlapping non-voice digital service market. While both sectors generate employment and revenues that contribute to the overall strength and vigor of the country's economy, they differ in cost structures, compliance obligations, cybersecurity and data security governance and AI integration strategies.

The central tension this capstone seeks to address is: *"How does the interaction of cost structures, cybersecurity and data security resilience, and AI integration shape and affect the competitiveness of the Philippine BPO industry and gig economy by 2028 and are current Philippine regulatory policies and framework sufficient to address their convergence?"*. *(demographics question not emphasized here)* ✓ nasa baba

This research focuses on how the "triple threat" of cost, cybersecurity, and AI integration affects the balance and interaction between the non-voice BPO industry and its equivalent gig economy. From the employer's perspective, it examines how compensation, labor benefits and taxation influence cost structure. It also explores strategies for cybersecurity and data security as well as strategies for AI integration. From the employee's perspective, it highlights concerns around fair compensation,

taxation, cybersecurity and data security protection, and impact of AI adoption. Finally, the study also delves into whether there is a significant difference in demographics such as the age range, gender, civil status and number of children among those selecting to work in the BPO industry versus the gig economy.

1.3 Objectives of the Study

The goal of this research is to find a comparative level playing field based on cost structures, cybersecurity/data governance strength, and AI adoption at which the Philippine non-voice BPO industry and the gig economy can compete, by 2028. By "level playing field," the study does not refer to which business model is presently less expensive or offers more flexibility. Rather, the study asks whether supposed short-term advantages hold up under consideration of employment contracts, taxation, regulatory compliance (such as data privacy laws), technology disruption, and workforce impacts in their entirety. The study conceptualizes competitiveness as a multi-factor condition to be analyzed through the lenses of business sustainability and legal defensibility. → (sustainability + legal defensibility) how do we position this in policy?

Broadly, this study seeks to understand how cost, cybersecurity/data governance, and AI shift the current competitive landscape, safety, and trajectory of the Philippine BPO industry and the gig economy in the non-voice digital services space which they currently share. This stems from the research question at the heart of the study: should the Philippine BPO industry and the gig economy be viewed purely as competitors in the market for employers and employees, or can both sectors also be viable pillars of a blended and beneficial model of digital work?

More specifically, the study has six objectives which build upon each other. First, conduct a cost comparison of the BPO industry and gig economy from both employer and employee perspectives, including wages, employer financial

obligations due to employment-related regulation, and tax liabilities. This objective is critical because superficial cost differentials fail to capture a business model's ability to competitively sustain itself over time – especially when hidden costs like compliance expenditures and business operation costs can make or break longevity.

Second, evaluate cybersecurity and data governance risks, risk management practices, and regulatory compliance between the two sectors. Due to the high-dependency on big data that both business models operate in digitally-transformed environments, cybersecurity and data governance are not treated as peripheral IT concerns. Instead, they are researched in light of how they affect client trust, contract reliability, and regulatory compliance.

check if questionnaire is enough with these factors

need to add in questionnaire

client trust, contract reliability and regulatory compliance

Third, assess the impact of AI implementation on the BPO and gig sectors, particularly in terms of output, operational efficiency, job security, and necessary re-training. AI is not treated as a singular category of game-changing innovation. The research considers how AI can simultaneously enhance service offerings while undercutting existing employment contracts and workforce needs.

need to add in questionnaire don't remember the training and upskilling question

Fourth, determine whether demographics – specifically age, gender, marital status, and number of children – play a role in an individual's propensity to join the BPO industry or gig workforce. This bolsters the study's investigation into the labor market implications of blended workforce models by examining whether labor choice is correlated with factors outside of pure market opportunity.

✓

Fifth, analyze how well-equipped current Philippine legislation surrounding digital work, employment, taxation, cybersecurity, data privacy, and AI regulation are at addressing the confluence of issues presented by the BPO and gig economies.

This objective lies at the center of the study's applied focus, as both sectors' abilities

need to include in questionnaire what we wanted to be included in policy
1. payment source OK
2. addtl taxation Q15 ok
3. labor protection OK
4. ADR/contract OK
5. training OK
6. inclusion in IBPAP therefore need to register as OPC or employee of EOR or Digital Agency Q15 OK
7. willingness to be seasonal BPO resource including temporary work on site with 8 hour job? OK Q7

to competitively coexist will be affected not just by private sector initiatives, but by the adequacy, consistency, and adaptability of regulations.

Lastly, develop recommendations for BPO companies and gig workers/platforms to cooperate and mutually reinforce capabilities in optimizing blended workforce models and complying with employment and data privacy regulations. This final objective is key in a strategic sense; it elevates the study from merely assessing the state of the BPO and gig economies to conceptualizing institutions which can benefit from their coexistence. As such, the study aims to not only identify friction points between traditional and gig work, but to outline scenarios in which friction can be productively leveraged to enhance a new, hybridized model of digital work. 1. identify frictions 2. leverage frictions to enhance digital work

These objectives take the general problem statement identified in Sections 1.1 and 1.2 and translate it into a detailed research agenda. They also lay out the general roadmap for the structure of this thesis: the literature review will ground each individual objective in the current academic literature and known industry data from both sectors, while the methodology chapter will describe how each objective will be operationalized for analysis. (need to add also for chapters 4.5 and 6) ✓ c/o KENDI

1.4 Conceptual Framework of the study

This study conceptualizes that the competitiveness and sustainability of the Philippine non-voice BPO industry and the equivalent gig economy by 2028 are shaped by three (3) contrasting and diverging themes: cost competitiveness, cybersecurity and data security resilience and AI integration. These determinants are further influenced by Philippine policy and regulatory frameworks applicable to the BPO industry and the gig economy. Finally, demographic characteristics are also

examined to determine their correlation in the selection between employment in a BPO firm or engagement in gig work.

The Triple Threat : Cost, Cybersecurity and AI

The three (3) identified themes are discussed as follows:

The first theme consists of cost competitiveness which reflects not only the effect to the competitiveness between the BPO industry and gig economy by efficiency in operational costs but also tackle how employment models, taxation structures and incentives framework provide advantages and disadvantages.

✓
tax high effective rate in BPO

Contrasting perspectives between BPO employers and employees and between Gig platforms, clients and gig workers posits that the gig economy offers low-cost high-income advantage in the short-term but cost competitiveness may be influenced and reduced by regulatory and compliance risks, turnover costs, and costs brought about by technological disruptions in the long run.

The second theme provides that cybersecurity and data security resilience, which relies on the strength of compliance frameworks, risk management systems, incident response capability, and reputational safeguards, directly affects client trust, contractual stability and regulatory exposure caused by security breaches. While BPO firms usually operate under strict, complex, regulated and client-imposed guidelines and standards, gig platforms rely on decentralized structures that exposes clients and gig workers to regulatory and operational risks. It is postulated that Cybersecurity and Data security resilience is higher in the BPO industry than in gig economy.

Finally, the third theme consists of the effect of AI integration which encapsulates the concepts of adoption of automation technologies, operational efficiency gains, workforce displacement risks and AI governance mechanisms. It is

check questions
✓ on productivity AND
job displacement
and upskilling efforts
AND what AI tools are used?

✗

suggested that AI adoption may increase productivity and efficiency gains in both BPO and gig sectors, but it may also dislocate workers' protection and security of tenure.

A driving force: The Philippine Policy and Regulatory Frameworks

The relationship between the triple threat of cost, cybersecurity and data security and AI is affected by how the Philippine policy and regulatory framework is currently configured. This framework presently includes labor classification rules, telecommuting guidelines, laws promoting competitiveness of the Philippine digital workforce, taxation policies on digital services, investment promotion incentives statutes, cybersecurity and data privacy regulations, and evolving AI governance policies.

Sufficiency in the policy and regulatory framework significantly influences whether cost advantages remain to be sustainable, whether cybersecurity and data security policies and infrastructure can protect all stakeholders against breaches, and whether AI adoption promotes inclusive growth or disruption. An adequate and coherent regulatory environment presumably strengthens institutional trust and industry resilience, but gaps amplify systemic vulnerabilities and may lead to collapse in one industry or the other.

Demographic Dimension

In addition to the triple threat considerations, the conceptual framework of this study also includes testing across the sample population of demographic variables, particularly, age, gender, civil status and number of children and find out whether they vary significantly in the selection between employment in BPO firms versus engagement in the gig sector. This dimension recognizes that the decision to be employed in a BPO firm or to engage as a gig worker is influenced not only by the

we really capping at 45 y/o in questionnaire?

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cost-income and technological considerations but also by personal and household attributes. Statistical testing will determine whether demographic factors significantly correlate or not with employment choice.


Competitiveness and Sustainability by 2028

Through this conceptual framework, this study assumes that neither BPO nor the gig model is inherently superior over the other. Instead, long-term sustainability and competitiveness depend on how each sector balances cost efficiency, cybersecurity resilience, AI-driven transformation, and regulatory compliance within a dynamic digital economy.

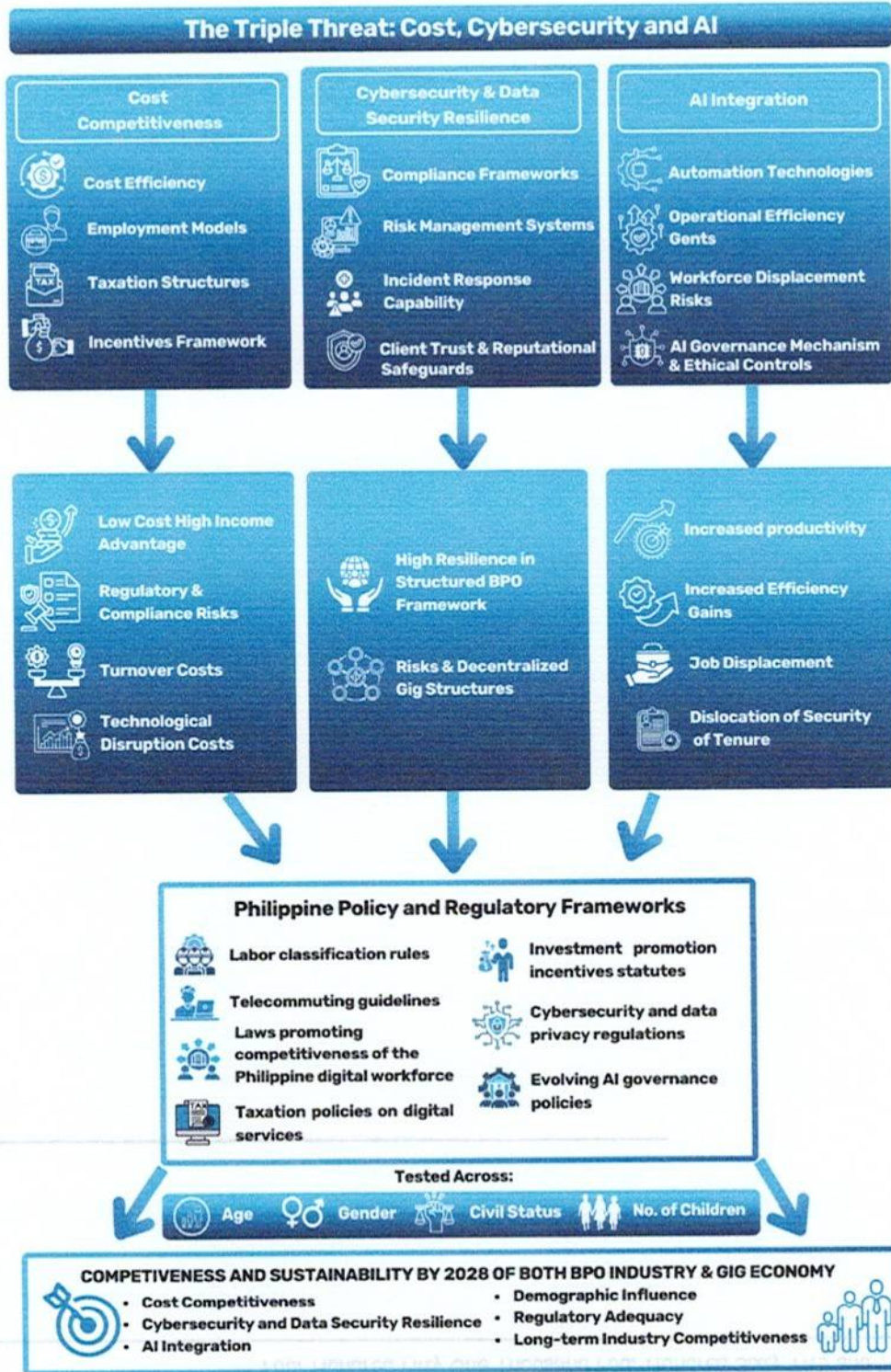
we never mentioned the tax leakage of gig world?

The conceptual framework proposes that:

1. Cost structure, cybersecurity resilience, and AI integration together influence the competitiveness of the two (2) digital service sectors.
2. The Philippine regulatory framework drives the strength and direction of these relationships.
3. Demographic characteristics may significantly influence employment selection patterns between BPO and gig work.

 Through this integrated conceptual framework, the study determines whether policy development of a hybrid workforce model which combines institutional stability of BPO structure with flexibility of the gig economy mitigates the triple threat more effectively than either model operating alone and independently.

CONCEPTUAL FRAMEWORK OF THE STUDY



nothing on labor security and people improvement?

Figure 1. Visual representation of the Conceptual Framework of the Study

1.5 Research Questions and Hypotheses

Section 1.4's conceptual framework illustrated how cost competitiveness, cybersecurity and data security resilience, and AI integration are those drivers which will largely dictate what the relationship of the Philippine BPO industry will look like with the gig economy in the future. Turning that framework into research that can be tested, and policy relevant, the following study will use research questions/hypotheses to connect industry conditions, worker experience, regulatory adequacy, and strategic options available.

✓
how do we add question that will answer this?

How will the overlapping effects of cost structures, cybersecurity and data security resilience, and AI integration affect competitiveness between the Philippine BPO industry and the gig economy by 2028, and are the Philippines' current regulatory ecosystems built sufficiently enough to handle them collectively? This is the capstone's guiding research question. It purposefully connects all of the various parts that have been discussed. It does not treat cost, cybersecurity, or AI in silos – acknowledging real-world industry practice, the question admits that these drivers will overlap and compound one another's influence.

✓
check if these are already included in the questionnaire

Furthering this main question, there are two policy/strategy-focused queries this capstone seeks to unpack. First, do the current Philippine regulations around digital work, taxation, cybersecurity, data privacy, and AI stand up to the risks and opportunities presented to the BPO and gig economy? Second, can institutionalization of hybrid workforces – that meld the organizational superiority of BPOs with the flexibility gig work provides employees – better mitigate the impacts of these three drivers than either individual system? These questions are critical because while this capstone doesn't purport to offer solutions, it does want to explore if better, more uniform institutional reactions are possible.

To bolster these larger questions, the following hypotheses will be tested.

H1: Cost Competitiveness Hypothesis: While the gig economy may provide cheaper short-term cost structure compared to BPOs, additional costs (i.e. compliance, cybersecurity and data security risks, lack of worker protections) diminish gig work's competitiveness in the long term.

H01: Cost Competitiveness Hypothesis: The gig economy does not offer lower short-term cost structure compared to BPOs, but hidden costs (e.g., compliance, cybersecurity and data security risks, and lack of worker protections) reduce its long-term competitiveness.

The primary question this first hypothesis aims to tackle is the crux of the capstone. Gig work may very well be cheaper when looking at the surface-level cost of labor, but does this advantage hold up when factoring in larger operational and regulatory costs?

do we have to add more cost questions

quali

H2: Cybersecurity and Data Security Resilience Hypothesis: BPOs, due to established compliance frameworks and client requirements, demonstrate stronger cybersecurity and data security resilience than gig platforms, which remain vulnerable to cybersecurity and data breaches and regulatory non-compliance.

do we need to specify data breaches question?

no need

H02: Cybersecurity and Data Security Resilience Hypothesis: BPOs, despite established compliance frameworks and client requirements, does not demonstrate stronger cybersecurity and data security resilience than gig platforms, which remain vulnerable to cybersecurity and data breaches and regulatory non-compliance.

Analytically, this second hypothesis is critical as it approaches trust, regulatory compliance, and data privacy as being more than regulatory obligations but potential moats for providers of digitally delivered services.

do we have question on trust?

✓
QUESTIONS TO THE

(obstacle)

H3: AI Integration Hypothesis: AI adoption enhances operational efficiency in both sectors but threatens job security in both industries.

H03: AI Integration Hypothesis: AI adoption enhances operational efficiency in both sectors but does not threaten job security in both industries.

This third hypothesis recognizes that AI's role in digital labor markets is two-fold. The author does not predict AI to be entirely deleterious or beneficial to the BPO/gig workforce. Instead, this hypothesis will examine how AI integration influences production output as well as employees.

(operational efficiency gains) (security of tenure)

H4: Relationship of Demographics to the selection of Gig and BPO employment options: There is a significant difference in demographics (age range, gender, civil status, number of children) among those who select to work in BPO and those who select to work in Gig.

H04: Relationship of Demographics to the selection of Gig and BPO employment options: There is no significant difference in demographics (age range, gender, civil status, number of children) among those who select to work in BPO and those who select to work in Gig.

Including this fourth hypothesis allows this study to strengthen its analysis by connecting market conditions to worker choice. With this hypothesis, the capstone can determine if participation in either sector is correlated with anything outside of pure economic benefit.

→ already mentioned in 1015 (mostly goes to gig work because it offers higher NET PAY)

These research questions and hypotheses serve two purposes. Subject matter-wise, they help compartmentalize the research into the pillars that make up the BPO–gig economy relationship. Methodologically, they act as the bridge to Chapter 3, in which this study’s mixed-methodology, sampling deposits, and analysis techniques will be introduced to test these hypotheses and answer the capstone’s larger questions on strategy and regulation.

1.6 Scope, Coverage, and Limitations of the Study

The study focuses on the digital services marketplace in the Philippines – and specifically on how the non-voice BPO industry and the gig economy compete with and complement each other. It focuses specifically on non-voice labor as this is where BPO work and freelance digital labor most closely align, making it ideal for an informative comparison. While the research will not discuss all aspects of the BPO industry, or gig work, it will focus on those services which could potentially replace one another, be provided jointly, or have become/substitute for each other.

Specifically, this study focuses on the Philippines as the location for which data will be collected. However, other countries will be analyzed for contrast, particularly other countries with large outsourcing workforces or gig economies. Countries may be selected based on difference in structure, government initiatives, or innovative business models. The timeline for the study reaches until 2028; this research is not only about the current state of affairs but about how players can remain competitive over the next decade through technological, regulatory, and employment changes.

The research takes into account the perspectives of several interested parties – including BPO firms, gig workers, employees in the BPO industry, freelance workers, BPO clients, the government, technology firms, educators, industry organizations,

★
No country to country analysis. (possible to delete)

★
Need to interview educators.

↳ bpo and digital agency clients?

ask prof raul

talk to dict or educators?

and regulators. This is because the study's three issues – price, data security, and AI – will affect all of these groups. It will affect how companies operate, who they hire, what regulations are put in place, and how successful the country is as a whole. For this reason, the study will analyze all of these groups. However, it will always maintain focus on how the BPO industry and gig economies affect one another.

Three main topics will be researched. The first is cost and taxation – what rates of pay, employment types, investments, and tax regulatory obligations will entail. Secondly, it will look at cybersecurity – what threats exist, how they are mitigated, and whether regulatory requirements are met. Finally, it will look at artificial intelligence – what affect it has on job volumes, if jobs are lost/replaced, and what training is required. These topics correlate with the study's concepts, goals, research questions, and expected outcomes.

Multiple methodologies will be used throughout the research. Both quantitative and qualitative data will be gathered, as well as comparison and theme identification. This is because the study shouldn't have to rely on just one methodology to explain an issue which spans the economy, technology, regulation, and employment. Chapter 3 will go into more depth about the study's methodology, including what data will be gathered, who will be sampled, and how it will be analyzed. However, for now it suffices to say that the study will be conducted in a way which allows it to provide reliable and valuable data.

That being said, the study does have some limitations. First, it may not be possible to acquire accurate financial, taxation and employment details from BPO firms, gig economy platforms, and their workers. This information could be considered private, only partially available, or platforms may not wish to disclose this information. As a result, some of the cost comparisons may be inaccurate. Secondly,

survey/interview respondents may be biased by their own perceptions, how they want to portray themselves, or feelings towards their employment. This is especially likely when discussing salaries, regulatory adherence, cybersecurity, or AI and employment. Thirdly, regulations can change over time; new laws which come into effect during the study regarding employment, taxation, cybersecurity, data, and AI may change what regulations are considered.

Prof refrain suggested limitations, let's add, exclude ride hailing, lazada

Technology also constantly improves; AI tools, how platforms operate, and cybersecurity regulations may change faster than the research and any new regulations. As a result, some of the study's findings may not remain relevant for long. Comparison with other countries also has its drawbacks; availability of data, strength of regulation, digital infrastructure, and industry structure will vary from country to country. Markets may not be comparable on a like-for-like basis. These limitations don't mean that the research will be faulty, but they should be kept in mind when analyzing the results.

Specify quoted in RRL as principle based not as part of the paper

*

No country to country analysis. Possible to delete.

So, the study will have a defined scope. It won't attempt to give the definitive or complete explanation of every aspect of digital labor in the Philippines. Instead, it aims to give a detailed, data-driven explanation of the key factors that influence how the BPO industry and gig economies interrelate, focusing on costs, cybersecurity, data security, and AI. When done properly, these decisions about what will and will not be included in the study, along with its limitations, improve it. They allow the study to make clearer arguments, more credible comparisons, and defensible conclusions.

*

Definition of gig work and what type of gig work is covered by the study (UBER, GRAB, and others not included)

1.7 Significance of the Study

This research matters to the people who invest in the industries, to those who use it to make businesses, run teams, decide policy, or educate. But, most of all,

*

maybe also add definition of a BPO and what are those included (e.g. IT shared services included in the definition of a BPO?)

research matters to those most affected by the problems it studies – in this case, workers in Philippine digital sectors.

In this spirit, this chapter continues with why this study matters. Chapters 2 and 3 lay out the groundwork for the research ahead, but before those details are presented, the reader should know why they are important.

This study matters because the topic at hand is important. The dichotomy of BPO and gig work exists at a crossroads of several issues which are now critical to the Philippines' service sectors. Outsourcing as a business model is no longer on the periphery of the nation's economy online, but rather is firmly at its core. The country's BPO industry remains a substantial component of its economy; the gig economy is an increasingly visible means by which people earn money, have autonomy, and transition through the jobs landscape. However, both industries face increasing challenges with regard to cost of operations, cybersecurity and data privacy concerns, and rapid integration of AI into work processes (Payoneer, 2022). The question is no longer whether these issues exist, but how they are shaping the competitive landscape of digital work in the Philippines, and if law, policy, and business practices are adapting quickly enough.

how about lack of real, reliable data for gig economy

add questionnaire how many are in gig industry if bpo is 1.9 should we add as optional? ✓

For business leaders and employers, this study matters because it approaches competitiveness from more than a pure costs basis. An economic model that might look superior at first glance could have weaker longevity when considering factors like client trust and legal compliance, workforce stability, data privacy obligations, or technology integration. Comparing BPO and gig work across these factors allows this study to help decision makers understand where each model excels, where risks may accumulate, and under what circumstances hybrid approaches may be better than picking one sector exclusively.

For investors, entrepreneurs, and those who plan the strategies of businesses, this study can offer a well-supported starting point for evaluating the sustainability of the digital services industry. Beyond comparing two labor models, this capstone analyzes the actual conditions under which businesses operate which will determine long term success: actual costs vs. reported ones, how expensive compliance is, where data privacy practices stand, and how receptive a business is to AI-driven change. By approaching the problem from these angles, this study will tie directly into questions around business structure, competitiveness when risk is accounted for, and positioning within a services sector that is rapidly integrating technology.

To workers who participate in these industries, this study matters because it considers labor as more than simply a cost. The choice between BPO and gig work also includes factors like worker protections, income stability, autonomy, exposure to cyber and data risks, and access to reskilling training as automation is integrated. By factoring in considerations about people and what workers care about, this study acknowledges that participation in the job market is influenced by both what the system incentivizes individuals to do, and the reality of their lives. As a result, it becomes more grounded in the day-to-day of those who will have their livelihoods affected by industry shifts.

This capstone's value to policymakers and regulators cannot be understated. The collision of traditional outsourcing and internet-based gig work creates policy questions that may not fit neatly into any existing rules on work. Regulations surrounding employment, taxation, cybersecurity, data privacy, and even AI governance may not have anticipated a job market where traditional companies, freelancers, platforms, and hybrid working relationships are all intersecting. By highlighting where regulations diverge and where tensions may arise, this study

how about data localization factor?

hopes to contribute to well-reasoned and future-proof policy instead of patchwork or reactionary updates.

Even in academic terms, this study matters. It contributes to the developing discussion of digital labor in the Philippines by intersecting topics that have often been researched in silos: industry competitiveness, work structure, cybersecurity and data privacy, and AI-driven workforce change. While this study does not claim to have novel concepts for their own sake, it synthesizes these topics into one applied research question which is directly relevant to strategic decision makers and policymakers alike. In doing so, it follows in the tradition of graduate research that is useful; rigorous but designed to find solutions to real world problems.

Lastly, this study matters because it intends to shift the conversation towards integration rather than choosing sides. The best future for the Philippine digital services industry may not lie in deciding whether BPO is superior to gig work, or vice versa. Instead, it could come from understanding where and how the strengths of each model can be integrated without sacrificing worker wellbeing, data privacy, regulatory integrity, or the country's competitive edge. It is this question which this capstone hopes to help answer, and why it matters.

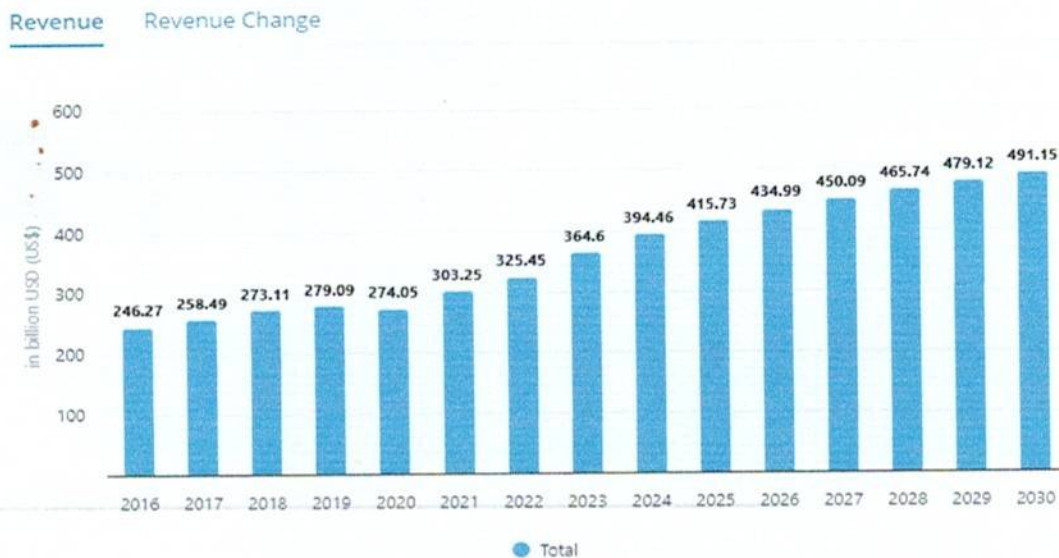
Moving forward, each chapter will lay out a portion of the research to be discussed in this capstone. Chapter 2 reviews the existing research and sector-specific evidence needed to frame this study against previous findings and will identify where the foundations of the 'triple threat' this study addresses are found in current literature. Chapter 3 will outline this study's mixed-method research design which will be used to test the study's hypotheses and theories. Taken together, these chapters will bridge the problem presented in Chapter 1 with the research needed to provide well-reasoned conclusions and recommendations that can be believed.

Add chapters 4, 5 & 6 to this.

Chapter 2. Review of Related Literature

2.1 Global and Philippine BPO Industry Landscape *(include definition of what a BPO)*

The global Business Process Outsourcing (BPO) sector remains a foundational pillar of the services economy, anchored on enterprises' continuing need for scale, cost efficiency, and process standardization across front-, middle-, and back-office functions. Market outlooks project worldwide BPO revenue to reach US\$434.99 billion in 2026 and expand at a 3.08% CAGR through 2030—approximately US\$491.15 billion—with the United States expected to contribute the largest revenue pool and India sustaining a leading delivery position due to its deep skilled talent base (Statista Outlook, 2026–2030). These indicators suggest steady growth consistent with BPO's evolution from a pure cost-arbitrage play toward a capability partner for digitally transforming enterprises.



Notes: Data was converted from local currencies using average exchange rates of the respective year.
Most recent update: Dec 2025
Source: Statista Market Insights

Figure 2. BPO Revenue Globally

However, notice the decreasing growth rate especially in the recent years projected until the end of 2030. It is imperative to study this decrease and the factors contributing to it, as well as any measures that can help stabilize the growth in the IT BPM industry globally.



Notes: Data was converted from local currencies using average exchange rates of the respective year.
 Most recent update: Dec 2025
 Source: Statista Market Insights

Figure 3. Declining Growth of BPO Revenue Globally

The Philippines has emerged as a leading BPO IT BPM location. Factors contributing to this include the country’s large English-speaking labor pool, cultural compatibility with western business norms (particularly the US), supportive regulations, contributing to its share of about 10% of worldwide revenues in 2024.

(In Statista. Retrieved February 15, 2026, from

<https://www.statista.com/statistics/1238625/philippines-it-bpm-revenue/>). Key

company mentions reflect deep enterprise penetration with multiple large employers operating across the country which also signals robust investor interest

(Colliers/Statista). Year over year revenues also highlight the sizable footprint of BPO in the Philippines spanning commercial office, retail, and transportation while consistently serving as a top exporter of revenues and high-quality job creation from 2016 to 2024 (The Philippine Star/Statista). The sector grew an average of 9% between 2016 and 2023 and is expected to maintain a 10% annual growth rate as it approaches 2028 targets of \$59B. (IBPAP website, 2028 plan).

Beyond scale, Philippine BPO operations are known for segmented workflows that allow for improved data security/compliance postures and standardized quality controls; both considered important pillars for BPO firms focused on meeting SLAs for highly regulated industries like BFSI and healthcare (Unity-Connect, 2025). Other trends within the industry reveal a broader shift towards skill intensification (analytics, CX, automation), hybrid work (blend of on premises and remote work), and platform partnerships e.g. utilizing niche experts to augment internal teams while maintaining control over risks (XMC BPO, 2024). Gonzales, M. J. F., & Campos, K. P. (2024). *Boundaryless careers and ethical implications: A review and critical analysis of the gig economy. Community Development Journal, 8(3), 437-445.*

→ Service Level Agreements paper inclusion

move to ref list

→ transfer this to Reference list

2.2 Global and Philippine Gig Industry Landscape

The gig economy: defined by platform-mediated, short-term, task-based work has also grown significantly. While factors include technology enabling easier connectivity between workers and gigs, increases in demand for flexible talent from global businesses seeking quicker and low friction to setup and manage teams have contributed, as well as an acceptance and normalization of remote, flexible work models in the past few years. COVID has had lasting impact on the nature of work. From a quantitative perspective, the global gig economy was valued at ~US\$556.7

should we include set up (pre-onboarding to go live) timing in questionnaire?

IDI

billion as of 2024 and is expected to grow to more than US\$2.1 trillion by 2030. On the demand side, this can include everything from on-demand consumer services (food delivery, ride-hailing) to online freelancing work (writing, designing, engineering, administrative). (Hatos et al., 2025; De Ruyter & Brown, 2019). In established economies, a significant portion of the workforce is participating in some capacity. In the U.S. workers who identified as independent contractors made up about 35% of the country's workforce in 2021. In Europe and Canada, gig work is gaining traction as well, though there continues to be debates on worker classification and social protections (XMC BPO, 2024; De Ruyter & Brown, 2019).

should we highlight this is not included in study - ride hailing?

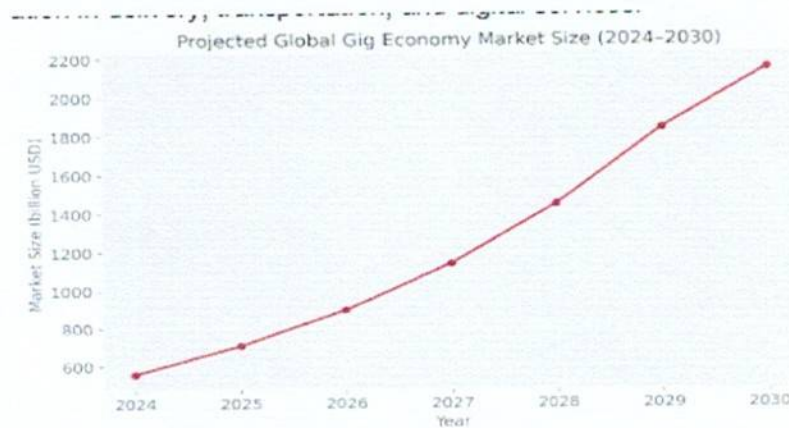


Figure 4. Gig Revenue Globally

In the above graph, notice the increasing trend in Gig economy global growth compared to the decreasing global growth in global BPO industry in the previous section.

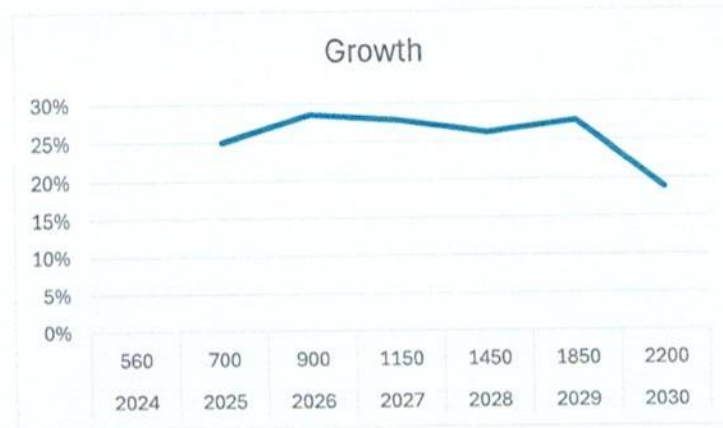


Figure 5. Increasing Growth of Gig Revenue Globally

The Philippines is one of the world’s largest hubs for online freelancing. Interviews with gig workers in the Philippines highlight advantages such as flexible hours and worker autonomy. However, they also note risk of lower but unstable incomes relative to previous wages, and lack of government-provided benefits. Additionally, these workers face challenges unique to the gig platform environment such as limited control and “algorithmic regulation” over how gigs are assigned to them and how they are rated and reviewed by clients. (Cabo Verde & Flaminiano, 2025). Gigs can be entered into both as a means to seize new work opportunities (remote work, return to provinces, family care). Some workers joined the gig economy because of COVID-related job losses (layoffs, reduced hours, business closures) (Cabo Verde & Flaminiano, 2025).

Analyses take care to situate gig worker experiences within the framework of “boundaryless careers.” Defined by having careers that cut across multiple gig platforms, individuals are responsible for their own continuous learning and development. Contrary to traditional employment, gig workers generally do not have the same access to financial stability and social benefits. They face higher risk managing inconsistent incomes and qualifying for benefits. Current discussions on

confirm this in
freelance portion
of questionnaire

ethical gig platform regulations include topics such as algorithms/transparency, portable benefits, and hybrid worker classifications that can accommodate platform work. ; For example, recent developments in the EU approach gig workers from a presumption of employment basis, and allows for limited processing of behavioral data where the customer has significant control over how the worker performs the service. (Gonzales & Campos, 2024/2025).

In the Philippines, a 2023 survey conducted on 153 freelancers revealed that while respondents were concerned about saturation in the market-many were current full-time freelancers when answering questions about job preferences. There was a high interest in leveraging freelancing as their primary career path. Those who freelanced cited industries such as virtual assistance, graphics, and social media management as their main area (Motas, Mudlong, & Rosete, 2023). While most surveyed held at least a bachelor's degree, research corroborates with the notion that on platforms, other forms of signaling ("ratings" and written "reviews" on top of verified skills) can be more important to securing clients (Motas et al., 2023).

2.3 Comparative and Collaborative Landscape: BPO vs. Gig Economy

2.3.1 Structural Contrasts and Worker Experience

The key differentiator between BPO and gig economy employment is structure. Generally speaking, BPO business models are built around full time employment and operate on institutional discipline to process and quality standards to generate scalable, predictable output for clients (Unity Connect, 2025). Gig economy work in contrast prioritizes independent contracting, task and project granularity, and platform-mediated work relationships to enable worker flexibility greatest extent possible over matters such as hours and clientele while offloading risk (benefits, income stability, and employment security) to workers themselves

was there a question on multiple freelancing job and the one with bpo job and freelancing as sideline?

(Caboverde & Flaminiano, 2025). On the employee experience side, BPO work is characterized by onboarding and training practices, regular schedules and compensation, and benefits. Gig economy work is noted for autonomy and location independence, though these gains are offset by variability in income, platform dependence, and risk of recourse should workers fail drug tests or receive poor performance ratings from clients (Caboverde & Flaminiano, 2025).

2.3.2 Competitive Dynamics in the Philippine Labor Market

Multiple industry sources based in the Philippines have identified the gig economy as competition for BPO talent. Case in point: the sector normalization of WFH and digital income post-pandemic, coupled with online platforms proliferating awareness of dollar earning opportunities has led the IBPAP to note freelancing as competitive threat to BPO in acquiring top talent especially as workforce expect more flexible and hybrid options (BusinessWorld, 2023). As of this writing, CREATE MORE and PEZA has approved 50:50 working arrangements for BPO companies granting them with the ability to offer work from home set ups to their employees. Survey data from the Philippines supports this perspective, with gig aspirations being higher among younger demographics who freelance or aspire to freelance as their primary career (Motas et al., 2023).

do we have a threat question?

no need, no policy anyway, can be inferred

90% given state of emergency

2.3.3 Convergence and Collaboration: Hybrid Delivery Models

Conversely, there are emerging examples of BPO and gig models operating in tandem. BPO operations are integrating freelancers and contractors into traditional workforce for coverage during peak or crunch periods, special projects that require niche skills, or innovation efforts which can benefit from freelancing model advantages such as speed and granularity of talent (e.g. data labeling, digital marketing, product operations) versus traditional recruitment (ARDEM, 2024/2025;

XMC BPO, 2024). Anecdotally, news articles have discussed “hybrid work models” which keep BPO-like controls over freelancers who may prefer flexibility of gig work (Unity Connect, 2025). Such hybrids involve BPOs dynamically scaling on demand with freelancers who are rostered remotely yet tasked through, and report to, the BPO. Orchestrating this model requires BPOs to maintain vendor management practices (background checks, NDAs, firewall access), develop crowd-compatible SOPs that can be audited at a task level, and implement quality controls that align desired outcomes with platform rating/review systems. Hybrids can benefit from improved time to talent, optimization against fixed and variable cost center targets, and expansion into new country markets; clients can scale solutions without directly hiring full time employees (ARDEM, 2025).

questions around these?
not specific, in general

2.3.4 Policy and Risk Considerations for a Blended Future

The literature cautions will be regulatory challenges with hybrids that remain unaddressed. From a Philippine context, authors note the Labor Code is outdated for the digital economy, tax policy for freelancers remains confusing, and social security benefits cannot currently be ported by workers who split their time across traditional and gig work (Caboverde & Flaminiano, 2025). Reviews of global policy trends reveal increasing legal interest in areas such as the EU and member states have introduced worker friendly legislation that presumes gig worker status as default, mandates algorithmic disclosure to workers, and restricts certain use cases of worker behavioral data (Gonzales & Campos, 2024/2025). Hybrid BPOs in the Philippines which source flexibly may need to future proof their workflows against these developments by building compliance into operations (auditable crowd sourcing workflows, VPNs to restrict VDI access, tiered access to programs/projects) conscientiously using algorithms, and contributing to worker benefits where possible

should we have comments about labor law? thru lit or IDI

e.g. offering micro credentials, health stipends, or optionally facilitating SSS/PhilHealth/Pag IBIG topping up to avoid risk and remain competitive for workers who value flexibility (ARDEM, 2025; Caboverde & Flaminiano, 2025).

2.3.5 Synthesis and Implications

Synthesizing the above literature, BPO and gig economies represent intertwined but distinct industries. Strengths of the BPO industry (rigorous governance, standardization, and institutional relationships) can be complemented by the gig economy's fastest evolving strengths of rapid provisioning, specialized talent, and flexible capacity—when integrated into hybrid operating models described above (ARDEM, 2025; Unity Connect, 2025). However, employee protections and client perceptions will be challenged if regulatory frameworks are not brought into the modern economy. Filipino workers have embraced gig work, with or without the BPO industry. Hybrid careers where individuals take on both projects as well as freelance gigs are not uncommon, and workers value the ability to work remotely and choose their own schedules highly (Motas et al., 2023; Caboverde & Flaminiano, 2025).

While there is still much to learn about the gig economy and its relationship to BPOs, specifically, how workers handle these models longitudinally (do gig workers face barriers to upward mobility? is income less stable?), how best practices can be defined around algorithm governance for workflows at enterprise scale, and what portable benefits architecture looks like to insure competitive incentives for platforms, service providers, and state agencies alike—the current body of research does provide clear action items for policymakers and executives looking to future-proof the BPO industry. (1) continue iterating on the value proposition of the Philippines' BPO industry by moving up the value chain into higher value, more

technically sophisticated services; and (2) work to integrate positive aspects of gig work into the formal economy by (a) modernizing worker type classifications to allow for simplified taxation and benefit portability, and (b) developing minimum standards for transparency around behavioral algorithms. In doing so, the industry can remain resilient and empower workers. (Cabo Verde & Flaminiano, 2025; Gonzales & Campos, 2024/2025).

c/o alex - policy

2.4 Cost, Labor, and Taxation Structures

The two (2) digital service sectors in the Philippines reflect two (2) dominant but contrasting structural models: the formal Business Process Outsourcing (BPO) model and the informal decentralized Gig Economy model (Park, Villafuerte & Yap, 2021). While both operate within the digital space and using digital infrastructure, studies reveal that their cost composition, labor classification and taxation frameworks vary significantly. These structural differences shape each industry's competitiveness, regulatory exposure and long-term sustainability.

2.4.1 Cost Structures

Non-Voice BPO Industry

BPO firms in the Philippines operate under a corporate vehicle model that is characterized by a relatively high fixed cost overhead but strong institutional stability. Operating costs traditionally include wages and compensation-related expenses like employee benefits and mandatory government contributions, buildings, facilities and office infrastructure, telecommunication costs, and employee trainings (Yi, 2012). Lately, however, as service contracts shift to knowledge intensive services, employer costs are no longer primarily driven by traditional costs but now include those that relate to capability assurance and risk management as required by clients and customers (Malabunga, 2025).

question on changes?
covered



From the employer perspective, BPO firms internalize and absorb labor cost and workforce specialization, compliance risk, physical infrastructure and technology investment. However, this cost structure not only enhances resource optimization but also enhances client and customer confidence, contractual reliability, and credibility (Malabunga, 2025).

From the employee perspective, BPO workers benefit from law-mandated entitlements under the Labor Code of the Philippines, such as maximum hours of work, overtime pay, night shift differential, weekly rest day, holiday pay, service incentive leaves, minimum wage protection, 13th month pay, health, safety and mandatory social security contributions (Labor Code of the Philippines, 1974). While this provides employee income stability and social protection, it reduces wage flexibility and increases employer payroll cost. Studies, however, revealed that giving of performance-based variable incentives including enhanced compensation packages not only increases retention percentage among BPO employees but also brings economic implications and benefits to the BPO firms as well (David & Palic, 2020).

Gig Economy

In contrast, the gig economy is operated through web-based platforms that enable businesses to adopt a low fixed-cost but high-variability models allowing them to adjust operational costs according to market demand (Supriadi, Wany & Fatchurrohman, 2025). Platforms carry minimal marginal costs as majority of costs are shifted to clients and workers. Costs associated with workspace, equipment, internet connectivity, and social protection are typically borne by workers (Serafica & Oren, 2022).

From the client and platform perspective, labor cost becomes variable and output-based but client bears the cost of incomplete and poor work quality (Seráfica & Oren, 2022). Payment occurs per task, project, or transaction, significantly reducing long-term employment liabilities but the client and platform bear the risk of employment misclassification (Ditiangkin v. Lazada E-Services Philippines, Inc., G.R. No. 246892, 2022). Artificial intelligence (AI) systems are central to platform operations, enabling algorithmic matching, pricing, and performance monitoring. This reduces administrative overhead while increasing scalability, but hidden costs arise from algorithm training and bias mitigation (Supriadi, Wany & Fatchurrohman, 2025).

question around these?

freelance - SLA?

From the gig worker perspective, flexibility and autonomy in the performance of their work are major advantages. Gig work enables engaging in multiple platforms simultaneously and setting multiple work and task schedules, which potentially increases a worker's gross income (Tolentino, 2024). However, many gig workers, especially beginners in the field, have difficulty in building a good platform portfolio decreasing their likelihood of getting clients and their capacity to demand higher rates (Soriano, 2021). Income volatility and absence of mandated benefits including financial services are the most pressing financial challenges of those in Gig work (Casalhay, Guevarra & Bragas, 2025).

✓

check all that apply question can it be ranked?

✓

questions around these?

Comparatively, literature suggests that operating cost structure of the gig economy enables short-term, low-cost, high-income advantage for clients, platforms and workers. On the other hand, BPO firms maintain high-cost, long-term structural stability through institutional compliance while BPO employees enjoy statutory labor entitlements.

2.4.2 Labor Structures

BPO Employment Model

Literature provides that while salaries and employee benefits are important for retention, BPO firms should invest in people-focused strategies and fairness-centered approach in HR policy implementation for maximizing resilience in its workforce (Villegas, Romero, Paulino, Romero, Mazo, & Mozar, 2025). However, a challenge to the BPO industry's employment model is AI integration since a lot of jobs and functions are susceptible in being transitioned to automation. While AI brings efficiency, it is believed that there should be a thoughtful integration to maintain a harmonious balance between technology and humanity (Dumlao, Dacutanan, Estioco, Abante & Vigonte, 2024).

BPO employees, on the other hand, fall within the scope of the Philippine Labor Code and are thus safeguarded and protected by its provisions especially the four-fold test in determining employer-employee relationships, security of tenure, collective bargaining, just and authorized termination criterions, unfair labor practices, and labor tribunal protections (Labor Code of the Philippines, 1974). While this is a great advantage, it is found that worker representation for the purpose of collective bargaining remain to be non-existent as employers are wary of unions and employees lack awareness of the benefits associated in joining unions (Errighi, Khatiwada, & Bodwell, 2016).

Consequently, while the BPO labor model is legally certain and specific, its institutional strength depends largely on enforcement of employee rights and how it can promptly adapt to AI-driven reform.

Gig Labor Classification

Gig workers classify themselves based on various factors such as level of dependence on clients, working hours, use of platforms, benefits received or nature of work or service provided. This classification includes categories such as freelancers, independent contractors, self-employed individuals, employees, entrepreneurs, part-time workers and platform workers. This suggests that labor structure in terms of gig economy is in the gray area and there is no one-size fits all (Serafica & Oren, 2022).

add question on platform?

and working hours or output based?

facebook group included or other soc med? like how are they organized and FOUND?

✓

Latest jurisprudence, however, emphasize that presence of operational control and performance regulation may establish employment beyond contractual labels in determining existence of a formal employment structure (Ditiangkin v. Lazada E- Services Philippines, Inc., G.R. No. 246892, 2022). This classification ambiguity presents a structural legal risk for gig clients and platforms because it could result to retroactive labor benefit liabilities.

**have we included trust in government vs being organized by IBPAP?

✓

Notwithstanding, another labor structure inequality is also evident in gig economy when client and platforms control the terms of how work is organized and allocated, the rating system and its avoidance thereof and the pricing mechanisms of the contract but gig workers, on the other hand, lack dispute mechanisms to resolve their concerns and apprehensions (Serafica & Oren, 2022). In fact, Filipino gig workers turn to social media platforms as an alternative to share discontent and strategies for coping rather than to put substantial pressure upon platforms to address the difficult and oppressive conditions (Soriano & Cabañes, 2020).

Gig workers, while enjoying flexibility, fall outside formal labor protection systems. They do not receive benefits from mandatory contributory social protection schemes that are present through formal employment (Park, Villafuerte & Yap, 2021).

how many of them are receiving and fully their or employer contributing

✓

Furthermore, literature also reveals that gig workers must continuously reskill and upskill themselves to stay relevant and competitive not just in domestic but to the global labor market (Mia & Habaradas, 2020).

✓ The gig model embodies flexibility but is characterized by inequities and power asymmetry between client, platforms and workers. Ultimately, it is labor classification that remains the central legal tension between gig platforms and traditional BPO firms.

what does this mean and how do we add in questions?

2.4.3 Taxation Structures

BPO Taxation and Incentives Framework

BPO firms in the Philippines are usually structured as a fully-owned foreign subsidiary organized in a corporate form or as a branch secured with a license to do business in the country (Grant Thornton Philippines, 2014). Regardless of these structures, BPO firms enjoy fiscal and non-fiscal incentives to attract and encourage foreign investment under several investment promotion frameworks implemented by various Investment Promotion Agencies (IPAs) (Yi, 2012). To name a few, firms are allowed to register under the Philippine Economic Zone Authority (PEZA) provided that the BPO firm is located in a building or a zone that was previously declared as a special economic zone and is engaged in an activity that is qualified for registration (Republic Act No. 7916 or the Special Economic Zone Act, 1995). Furthermore, they are also allowed to register with the Board of Investments (BOI) if their activities are set out in the government's Investment Priorities Plan (IPP) (Executive Order No. 226 or the Omnibus Investments Code, 1987).

✗ are they aware of these registrations?

These benefits are further enhanced through the enactment of Republic Act No. 11534 or the CREATE Act and its amendment law the Republic Act No. 12066 or the

CREATE MORE Act. Incentives include reduced corporate income tax, 5% gross income tax option, VAT zero-rating for qualified export services, enhanced deduction regimes, customs duty exemptions and hybrid work arrangements, among others (CREATE Act, 2021 and CREATE MORE Act, 2024).

Notwithstanding benefits and incentives, BPO firms are subject to a heightened responsibility for compliance with the country's transfer pricing regulations and documentation requirements along with the mentioned incentives through the monitoring by IPAs (Olarde, 2024). Additionally, while not directly implementing the Organization for Economic Co-operation and Development (OECD) Pillar 2 or the 15% Global Minimum Tax for multi-national enterprises (MNEs), CREATE MORE contains structural reforms that prepares the Philippines for consequent compliance (Sarmiento, 2025).

From the BPO employee perspective, all compensation income are subject to the graduated income tax rates which are collected by the Philippine government through the withholding tax system executed by the BPO firms as employers (National Internal Revenue Code of 1997, as amended). Benefits in a taxation perspective for BPO employees include receipt of non-taxable and specific de minimis benefits with corresponding amounts and other benefits subject to the ₱90,000.00 ceiling (Mariano, 2025).

Fiscal incentives enhance corporate attractiveness for BPO firms but procedural convenience for BPO employees downplays a structural asymmetry: employees bear the burden for higher effective tax rates compared to incentivized firms.

Gig Economy Taxation

Many implications brought about by the emerging digital economy have impacted national tax systems especially in terms of situs, data valuation and monetization, new business models like AI and cloud computing and whether these are all well-captured for income tax purposes. Not only that, the current taxation structure of the gig economy confers clients and platforms the ability to centralize their operations from remote locations, to conduct business with minimal personnel and to fragment operations to avoid paying taxes (Park, Villafuerte & Yap, 2021). Also, structural evolution was introduced upon the enactment of Republic Act No. 12023 or the Value-Added Tax (VAT) on Digital Services Law when twelve percent (12%) VAT is imposed to all digital services consumed in the Philippines (VAT on Digital Services Act, 2024). While this is a welcome equalizer for businesses, the mechanism imposed is an added administrative burden and cost especially for non-VAT registered gig workers (Lipura, 2025).

Gig workers, as self-employed individuals or professionals, may avail of the optional 8% income tax regime if qualified under the Tax Reform for Acceleration and Inclusion (TRAIN) framework under Republic Act No. 10963. Under this simplified scheme, gig workers whose gross sales or receipts do not exceed the Three Million Pesos (P3,000,000.00) VAT threshold may avail of the eight percent (8%) income tax rate computed from the gross in lieu of the supposed income and percentage taxes (TRAIN Law, 2018). Studies disclose that gig workers shoulder the personal responsibility of filing and paying their own taxes to which limitations, enforcement challenges and informality persist (Mia & Habaradas, 2020).

Compared to the BPO Industry, gig economy historically operated with lower tax visibility. Proper classification of gig workers with respect to their proper category and registration requirements and procedures with the Bureau of Internal Revenue

do they want their own category?

pressing enough to register and be out there?

question on why don't they want to register - rank or rate diff factors
trust
just to have more net pay
etc

(BIR) and other government agencies could also be challenging (Serafica & Oren, 2022).

2.5 Cybersecurity and Data Security Risks and Compliance Mechanisms

Remote employment and the supply of digital services present unique security challenges because as the frequency of work that is done digitally – whether in traditional BPO firms, remotely, in the cloud, or through freelancing websites – increases, data and system security becomes an immediate concern. Research show that digitization makes organizations more efficient and productive and allows them to scale and hire workers from anywhere; however, digitization also opens companies up to unauthorized access, data breaches, cyber threats, weaker security on personal devices, and dependence on another company’s digital systems. With digital work, these risks do not just affect the IT department; they affect company compliance, reputation with consumers, business continuity, and a company’s perceived trustworthiness in the digital space (Blancaflor, Cortez, Geneta, Miembro, & Alegre, 2023; Reyes, 2024). This becomes even more prevalent when considering BPO and gig work simultaneously, as they both rely heavily on digital systems but are drastically different in their operational setups, controls in place, and who is responsible.

Studies found that within the BPO industry, cybersecurity and data privacy are embedded in the service itself. Philippine BPO companies aren’t valued only for cheap labor and good English, but also for their ability to get work done in stages, with standard ways of doing things, and with better security and following rules in industries that are heavily regulated – like banking, finance, insurance, and healthcare (IT & Business Process Association of the Philippines (IT & Business Process Association of the Philippines [IBPAP], n.d.. ; National Privacy Commission

above already
but let's ask them

covered in IDI

[NPC], n.d. 2023). These institutional strengths allow BPOs to fulfill clients' expectations in industries where client trust is predicated on confidentiality, accuracy of information, and trust in the secure handling of sensitive information (UnityConnect, 2025). Hence, privacy and cybersecurity are not competitive advantages for a business – they are inherent qualities of outsourcing that make it both economically rational and beneficial to reputation.

Research on gig work and hybrid digital work arrangements suggests the risk of cybersecurity threats is much more diffused and formally unregulated. The gig model is performed remotely on computers, often by workers across various locations, using personal equipment, home Wi-Fi, and numerous accounts for clients or platforms. While this flexibility allows for easy scalability and rapid growth, it also shifts liability to individuals who are not held to the same standards. Case studies about hybrid BPO-gig models highlight the necessity of auditable workflows, restricted access to VPNs, tiered access to programs/projects, criminal background checks, NDAs, and firewalls/firewall monitoring – implying that cybersecurity in these environments must be deliberately incorporated into processes, rather than assumed to be inherent through digitization. (ARDEM, 2025; Caboverde & Flaminiano, 2025). These articles suggest that digital flexibility overall makes oversight more challenging and demands increased internal regulation to achieve similar security outcomes that clients expect from established BPO environments.

Legislative measures around cybersecurity and data privacy further prove that cybersecurity is an institutional issue. In the Philippines, An Act Protecting Individual Personal Information and Communication Systems in the Government and the Private Sector, Creating for this Purpose a National Privacy Commission, and for other Purposes, or Republic Act No. 10173 – otherwise known as the Data Privacy

Act of 2012 – sets laws regulating personal information and organizational data. Under this law, organizations must establish measures to protect Personal Information from material loss or unauthorized access, destruction, use, modification, disclosure, issuance, or other forms of processing – whether accidental or malicious (Data Privacy Act, 2012). Organizations are also required to implement security safeguards such as computer networks from unauthorized access or interference, having a security policies/information security program, identification of reasonably foreseeable risks, and regular security incident monitoring (Data Privacy Act, 2012). This law explicitly shows that cyber security and data privacy in the Philippine legal landscape is seen as the responsibility of the organization, requiring constant oversight, rather than something that can be implemented after the fact.

Supporting this is Republic Act No. 10175 – or the Cybercrime Prevention Act of 2012 – which criminally enforces laws against unauthorized access, illegal interception, and other unlawful cyber activity such as data interference, misuse of devices, computer-related offenses, and identity theft. While these acts establish a foundational legal guide for cybersecurity and cybercrime response, studies discuss how digitization has far exceeded implementation and legislation. Reyes (2024) argues that current legal frameworks are not robust enough to combat emerging forms of cyberthreats – namely social engineering, critical infrastructure attacks, cloud/mobile security vulnerabilities, crypto-jacking, AI attacks, and multi-vector attacks. Schipper (2025) also correlates cyber vulnerabilities to broader institutional vulnerabilities that countries in the Global South face – specifically, lack of regulation and varying levels of institutional capacity. These studies illustrate that in

regard to cyber security, companies must do more than know the law – they must build stronger internal controls to combat newer, and more prevalent threats.

A recurring theme in literature about cybersecurity is the importance of compliance. Cyber-risk often stems from vulnerabilities within a company – not just technological vulnerabilities. Blancaflor et al. (2023) explain that strong cybersecurity protocols and policies are necessary to mitigate risk and maintain business continuity. Proper data privacy management requires policies in place, restriction of access, monitoring and reporting, penetration testing, employee awareness of risks, and escalation procedures that extend throughout digital processes. In environments where services are provided digitally – often relying on interconnected systems, remote workers, and transactions that require transfer of data across borders – a company’s internal controls are how they actualize legal responsibilities and maintain trustworthy practice. (National Institute of Standards and Technology [NIST], 2020; National Privacy Commission [NPC] 2004; Organization for Economic Co-operation and Development [OECD] 2024) . Hence, literature reviews compliance as a means for organizations to prove they aren’t just aware of cyber risk, but that they manage it.

Cybersecurity and data privacy are only going to become more important as we continue to live in a world where so much data is transferred between countries, and as our lives and businesses grow more reliant on digital services. BPO and gig work both consist of services that will transcend borders; whether through websites, software, or trade – clients, workers, platforms, and storage of personal data can all exist under different legal jurisdictions. Recent studies about policy and regulations even show that established firms that process large volumes of data usually have some sort of processes to comply with privacy and cybersecurity laws – however, it is

do they have annual
cyber training?



much harder to regulate compliance when it comes to platform work. Because many platforms operate internationally and interact with multiple legal frameworks, there are complications with law and policymaking around liability, which legal jurisdiction applies, how to enforce laws across borders, and how to manage responses to privacy and security breaches. You cannot understand the threat to cybersecurity and data privacy without first looking on governance practices of organizations and understanding how digital work is organized. (OECD, 2022; 2023; International Labor Organization [ILO], 2024; National Privacy Commission [NPC], n.d.)

Lastly, one of the biggest takeaways is how cybersecurity is linked to trust. When providing digital services, companies are not only evaluated based on their speed, flexibility, and price – but also on their ability to protect client data and provide service without disruption. This is especially prevalent with outsourcing when clients are allowing third parties into their operations. **Cybersecurity is therefore a prerequisite for trust in service relationships. Data breaches do not just affect confidential information, but trust in the reliability of service being provided – directly impacting a company’s reputation, contract renewals, and ability to compete in the long run.** Traditional BPO firms have had stronger security protocols in place to support their role as reputable institutional alternatives. However, for gig work (and hybrid models that utilize gig workers), less stringent or varying levels of controls create notions of legal risk and operational risk despite the attractive cost savings and workforce flexibility. (OECD, 2015, 2016; Bank for International Settlements [BIS], 2018; National Privacy Commission [NPC], n.d.; OECD, 2020; van Doorn, 2024).

what if brownout, gig folks, where do they work? or internet down?



Cybersecurity and data privacy risks should be understood as governance problems that are influenced by an organization’s structure, the laws it abides by, and the nature of work it provides. None of the research studied portrayed cybersecurity and data breaches as isolated incidents that occur due to technological failure. Instead, they are seen as part of standard operating procedures when work is digitally facilitated and must be monitored through: compliance to laws, internal controls, and institutional trust. For the purpose of the capstone, this information is vital because it shows that resilience to cyber risks, compliance to laws, and consumer trust in both the BPO industry and gig work are increasingly dependent on how organizations manage data, govern digital accessibility, and respond to cyber threats in distributed work environments.

2.6 AI Integration in digital work and workforce transformation

questions around responsible AI?



The structure of digital labor – how tasks are completed, supervised, allocated, and assessed – is rapidly evolving with advancements in Artificial Intelligence (AI) across commercial organizations and gig work alike. Research shows AI integration to not merely be additive to existing practices, but disruptive to the composition of the workforce, productivity, and decision-making as a whole. While BPO and gig work have been marked by AI-driven automation, streamlined workflows, data forecasting, and algorithmic coordination, they also share common challenges regarding worker displacement, skills obsolescence, algorithmic control, and institutional readiness to manage these tasks. As such, the literature establishes AI integration as both an opportunity for digital transformation and a source of new challenges for labor control, organizational design, and core competencies (Lin, 2024; Cuccio & Hennig, 2025).

The use of AI technology in the BPO industry is linked to a growing need to transition away from cost labor reductions and toward higher-value, more technical services. Previous work has identified this shift as part of a larger evolution of Philippine BPO firms towards analytics, customer experience, automation, and hybrid work models. These changes illustrate that technological integration is complementary to an upskilling arms race where corporations must redesign job scopes and service offerings to remain competitive in an increasingly digitized global economy. On the other hand, scholars warn that automation threatens significant portions of existing BPO jobs and responsibilities. Dumlao et al. (2024) notes how while AI increases efficiency, it should be deployed strategically to balance technological and human capital. This highlights a common theme among studies: that while AI deployment can increase productivity, poorly governed AI has the potential to negatively impact job quality, employee capabilities, and organizational resilience.

For gig work and platform labor, conversely, discussions around AI often center around algorithmic management. Literature suggests that platforms' dependence on artificial intelligence to assign work, price services, track performance, and scale transactions with little overhead presents workers with a unique set of opportunities and challenges. While having few employees increases scalability for platform firms, AI-driven technologies play a pivotal role in their growth. As algorithms dictate work assignment, pricing, and performance monitoring, AI's use presents hidden costs such as algorithm training and accountability. Furthermore, studies have explained how workers do not necessarily view the technology as impartial tools, but rather methods of controlling them. This is particularly true if their workload, ratings, and income are determined by opaque

digital algorithms. In this manner, AI integration in gig economy work impacts not only productivity but worker power dynamics, transparency, and fairness (International Labour Organization [ILO], 2021, 2025; Eurofound, 2025; OECD, ILO, & Eurostat, 2023).

One important note made by many of these studies is that AI will not impact all work equally. Cucio and Hennig (2025) highlight occupational exposure and complementarity. Essentially, the impact of AI relies on the nature of tasks rather than occupations themselves. While AI can replace work that is routine, repetitive, or rule-based, it can assist with work that requires situational awareness, communication, and complex problem-solving. With regards to digital labor, this means that shifts to the workforce will likely be disparate. Certain facets of the BPO and gig economies will experience direct disruption to human labor, while others may benefit from productivity increases and enhanced human value. Instead of taking the extreme perspectives AI will destroy jobs or make everything far more efficient, studies focus on how different positions, roles, and organizational structures will be affected differently.

This ties into another major argument made by several studies; that AI can both enhance and diminish skill. AI has the capability to relieve workers of menial, repetitive tasks, reduce the time needed to complete duties, and allow for higher quality service to be delivered. According to scholars, AI has the capability to – if integrated properly – increase entrepreneurial efforts, create jobs, and bridge the digital skills gap (Lin, 2024). However, if AI leads to standardization of output, limits workers' discretion, or automates judgment calls, then employees may become overly dependent on technology and less capable of mastering their craft. In short, certain

jobs may face skill degradation even if corporations at large require higher digital skillsets.

AI also influences how organizations and management are structured. Within traditional organizations, AI can facilitate customer service, internal operations monitoring, work routing, fraud detection, compliance monitoring, and administrative tasks. These improvements can decentralize who reports to whom, reduce headcount requirements, alter quality assurance, and change managerial work. On gig platforms, AI can coordinate extremely large masses of workers on a scale never before possible. Essentially, digital firms can manage thousands of contractors or outside contributors without traditional employee structures. However, this scalability comes at the cost of control, especially since algorithmic systems determine who gets hired, what prices are charged, how workers perform, and if they will receive more work. Previous research references international policy discussions on algorithmic governance as well as the growing body of legislation concerned with explainable algorithms. These concerns further highlight that proper governance of AI will become increasingly important in digital labor; specifically, managers' decisions may be less respected if they do not have formal authority within a hierarchy but are instead dictated by inscrutable algorithms (Gonzales & Campos, 2024/2025).

Ethical and governance considerations are therefore central to this literature review. AI-enabled work creates concerns around surveillance, bias, explainability, accountability, and employee data privacy. On platforms, these concerns are manifested through algorithmic ratings, reputation systems, and worker surveillance. In BPO and corporate environments, they can occur through AI-powered quality assurance, monitoring of task completion, or automated hiring tools. Utilizing AI

responsibly requires more than technical integration – it needs systems of governance which can uphold principles of fairness, due process, and accountability. Given how workers can be evaluated and compensated based on algorithmic decision-making that directly impacts their livelihoods, the rise of AI in digital work makes concerns over modernizing regulations and establishing internal governance mechanisms all the more pressing.

Philippine-based research also underscores a lack of readiness when it comes to AI utilization. While there have been efforts to address this through the recently launched National AI Strategy Roadmap 2.0 and the inclusion of AI in the National Planning Framework, the Philippines does not yet have a comprehensive suite of policies that fully governs AI investment, research, and development or workforce development for AI incorporation. Recent studies also highlight how many Philippine corporations and entrepreneurs still lack the infrastructure and resources to properly leverage AI. This emphasizes that AI integration will not only be influenced by the availability of technology, but also whether organizations are prepared to manage it. Larger corporations and formal establishments may have more capacity to allocate funds towards technology, retrain workers, and establish governance measures to protect employees. Smaller businesses, freelancers, and gig workers will likely experience upskilling disruptions and instead require external support to navigate changes in technology (Cucio & Hennig, 2025; National AI Strategy Roadmap 2.0, 2025; Quimba et al., 2024; National Economic and Development Authority [NEDA], 2023).

The implications of these trends on work transformation are significant. What literature indicates is that for digital transformation to be sustainable, businesses and employees must continually adapt their core competencies to meet new

technological demands. Within BPO – and more specifically business process outsourcing – these demands can include investing in employee retraining, adjusting job scopes, and implementing employee-centric strategies so that workers can remain resilient and simultaneously thrive at their jobs. Gig workers, by contrast, often have to shoulder the burden of adapting by themselves through taking courses to improve skills, circumventing platforms, and making themselves attractive to future employers in an ever-changing landscape. As digital labor comes to rely more and more on AI, employee competitiveness will hinge less on just what they can do with technology, but how they can apply human ingenuity, communications skills, and troubleshooting to solve problems within their work environment. Employee skill development is therefore not just a Human Resources (HR) concern, but part of a company's strategy.

In conclusion, merging the insights from literature, AI integration into digital work can be seen less as a technology implementation and more as a shift in job design, power structures, and employee capabilities. While it does present real opportunities for increased productivity, innovation, and value creation, it also poses risks of worker displacement, skills vulnerability, algorithmic opacity, and uneven readiness between organizations. This becomes particularly relevant to the research question this project seeks to address – what are the differences and potential for collaboration between BPO and gig work in the future? – because literature shows there will be an increasing dependence on how firms govern AI, treat their employees, and evolve skill requirements to adapt to changing technological and job landscapes.

literature coverage

how do we want to ask about power structure?

are these job design structure and emp capability captured in survey?

general only not specific

2.7 Philippine Policy and Regulatory Frameworks

should we update/add more according to prof Mario material?

decide on what to include in questionnaire

not sure employees will be familiar so have to simplify questions

×

policy framing

Existing laws and their implementing rules and regulations are also significant

in evaluating the competitiveness between Gig Economy and BPO Industry in the Philippines. Relevant laws are reviewed in the following sections.

2.7.1 Labor and Employment Laws for BPO Industry and Gig Economy

2.7.1.1 Presidential Decree No. 442 or the Labor Code of the Philippines

This law, enacted in 1974, provides not only the minimum standards for conditions of employment including hours of work, weekly rest periods, holiday pay, service incentive leaves, wages, working conditions for women and night workers, health, safety and social welfare benefits but also provide policies ensuring comprehensive worker protection for BPO employees against unfair labor practice and illegal dismissal, reinforcing security of tenure and the right to worker representation through collective bargaining (Labor Code of the Philippines, 1974). While BPO employees are safeguarded, studies disclose that gig workers are vulnerable to exploitation because of their independent contractor classification which falls outside the scope of the Philippine Labor Code (Campos, 2024).

2.7.1.2 Republic Act No. 11165 or the Philippine Telecommuting Act

The Telecommuting Act of 2018 permits “telecommuting” as a work arrangement that allows an employee through a voluntary agreement with his or her employer in the private sector to work from an alternative workplace with the use of telecommunications and/or computer technologies (Telecommuting Act, 2018).

While preserving employment status and labor protections, this piece of legislation is primarily significant because it was found that morale of BPO employees tends to improve as a result of increased opportunities for remote work (Barilli, Cablaol, Delfin, Sarol, & Morales, 2022). This legislation also positively impacted and

strengthened the adaptability of the BPO sector especially during the COVID-19 pandemic when work-from-home arrangement was implemented (Lim & Matibag, 2022). While gig work has always been inherently remote, this law allowed the BPO sector to replicate the flexibility without sacrificing formal employment protections and benefits.

2.7.1.3 Republic Act No. 11927 or the Philippine Digital Workforce Competitiveness Act

Lapsed into law in 2022, this provides the policies to develop and ensures the competitiveness of the Philippine digital workforce. Not only does it ensure that Filipinos are equipped with digital competence, but it also ensures the adequate protection and support to the digital workforce, ensures digital inclusion of those in the special sectors such as persons with disabilities (PWDs), indigenous peoples, senior citizens, persons in geographically-isolated and disadvantaged areas and ensures that all stakeholders in the public and private sectors are properly consulted and in collaboration in the implementation and execution of this law (Philippine Digital Workforce Competitiveness Act, 2022). This law primarily encourages digital entrepreneurship and boosts digital literacy of gig economy workers but it was found that this law is significantly challenged by factors that include limited funding, inadequate leadership support, insufficient training opportunities and weak digital infrastructure especially in the provincial and municipal level (Sanier & Tuble, 2025).

2.7.1.4 Policy Direction for Labor and Employment Laws

Currently, proposed legislations originating from the House of Representatives and the Senate, both entitled “BPO Workers’ Welfare and Protection Act or the Magna Carta for BPO Workers”, are passed with the aim to reiterate and give teeth to Labor Code provisions on job security and regularization, compensation

and benefits, health and safety protections and working conditions especially and specifically for BPO workers (Senate Bill No. 1493 and House Bill No. 5166, 2025).

Another significant influencer of policy direction, but this time concerning gig economy, is the recent Supreme Court ruling in the case of Ditiangkin et al vs Lazada E-Services Philippines Inc. et al G.R. No. 246892 which was promulgated last September 21, 2022. In this case, the Court narrowed the regulatory distance between gig economy and BPO industry when it affirmed employment status of a gig worker despite task-based compensation and independent contractual agreement.

The recent legislative and jurisprudential developments signal a possible policy recalibration so that labor rules and regulations respond to the asymmetry between the BPO industry and the gig economy.

2.7.2 Tax Reform and Investment Policies for BPO Industry and Gig Economy

2.7.2.1 Republic Act No. 12066 or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act

The CREATE MORE Act of 2024 is the latest tax and incentives reform that is enacted to primarily enhance the competitiveness of the Philippines' incentive packages for investors. Some of the key benefits include lowering Corporate Income Tax (CIT) rate of resident foreign corporations to 20% of taxable income from registered projects and activities of Registered Business Enterprise (RBE) under the enhanced deductions regime, streamlining VAT refund process by decreasing documentary requirements, allowing up to 50% of total workforce in a work-from-home arrangement without negatively impacting tax incentives availment of a RBE, liberalizing requirement for VAT incentives availment by shifting from "direct and exclusive" to "directly attributable" expenditures, codifying deductibility of input tax

90% during state of emergency

paid on local purchases attributable to VAT-exempt sales for income tax purposes, enhancing incentive packages by extending the 5% Special Corporate Income Tax (SCIT) and Enhanced Deductions Regime (EDR) to a maximum duration of 10 to 27 years, doubling additional deduction of power expense to 100%, granting greater responsibility for Investment Promotion Agencies (IPAs) to grant tax incentives to projects and activities with an investment capital from **P1 Billion to P1 Billion and 15 Billion** and providing clearer transitory rules for RBEs in addition to granting of new incentives and measures such as exemption from national and local taxes during the availment of the 5% SCIT (CREATE MORE Act, 2024 & Fiscal Incentives Review Board, n.d.). For the BPO Industry, this recent reform has strengthened the Philippines' position as competitive destination for BPO operations (White, 2025).

2.7.2.2 Republic Act No. 12023 or the Value-Added Tax (VAT) on Digital Services Act

This law, enacted in 2024, modernizes the Philippine VAT system by imposing 12% VAT on digital services including those supplied by Non-Resident Digital Service Providers (NRDSPs) to Philippine consumers and businesses. It mandates that Digital Service Providers (DSPs), whose sales exceed the VAT threshold of P3 Million, to register with the BIR and remit such VAT from transactions involving digital services which includes online search engine, online marketplace or e-marketplace, cloud service, online media and advertising, online platform or digital goods. This law also provides the reverse charge mechanism in digital services where a VAT-registered taxpayer shall be liable to withhold and remit the VAT due on its purchase of digital services consumed in the Philippines from a NRDSP to the BIR (VAT on Digital Services Act, 2024). Directly impacted by this law are gig workers who rely on paid platform services for their jobs.

2.7.2.3 Policy Direction for Tax Reform and Investment Policies

Although not a member of the OECD, the Philippines joined the OECD Inclusive Framework on Base Erosion and Profit Sharing (BEPS). Through this membership, the Philippines made the commitment to align its tax policies with BEPS Pillars 1 and 2 to address tax challenges arising from digitalization of economies (Schwarzl & Manaig, 2024). A Global Minimum Tax of 15% under the BEPS Pillar 2 is introduced. Under this rule, qualified MNEs should pay the effective tax rate of 15% for income across all jurisdictions. If the Philippines adopts this through a law enacted by the Congress, this means that qualified MNEs in the Philippines availing of Income Tax Holiday (ITH) or SCIT will be liable to pay for the rate variance (Sarmiento, 2025).

2.7.3 Data Privacy and Cybersecurity

2.7.3.1 Republic Act No. 10173 or the Data Privacy Act

The Data Privacy Act of 2012 imposes strict compliance requirements and regulates the processing of all types personal information. The law is applicable when processing is done within the Philippines and even outside the country's metes and bounds so long as the information pertains to Philippine citizens or residents. The law requires measures to be implemented for protection of personal information against any accidental or unlawful destruction, alteration, disclosure and other unlawful processing. These measures should strictly include safeguards to protect computer network against unauthorized usage or interference, a security policy, process for identifying and accessing reasonably foreseeable vulnerabilities leading to a security breach and regular monitoring for security breaches (Data Privacy Act, 2012). While the BPO industry complies strictly, enforcement against gig platforms can be complicated because transactions are mostly cross-border.

→ Sec 6 (Extraterritorial Application)

2.7.3.2 Republic Act No. 10175 or the Cybercrime Prevention Act

This law, enacted in 2012, penalizes cybercrime offenses which includes illegal access, illegal interception, unlawful data interference, unlawful system interference, misuse of devices, cyber-squatting, computer-related forgery, computer-related fraud, computer-related identity theft, cybersex, child pornography, unsolicited commercial communications, cyberlibel, aiding, abetting or attempting the commission of any of those cybercrime (Cybercrime Prevention Act, 2012). While laws have been enacted and implemented to avoid security breaches and penalize cybercrimes, the Philippines is one of those countries facing challenges because of weak cybersecurity infrastructure, regulatory gaps and systemic corruption, all of which are exacerbated by rapid digitalization (Schipper, 2025).

2.7.3.3 Policy Direction for Data Privacy and Cybersecurity

A robust cybersecurity framework is necessary for risk minimization and business continuity (Blancaflor, Cortez, Geneta, Miembro, & Alegre, 2023). Without such measures in place, the Philippine legal framework inadequately covers security breaches amounting to cybercrimes especially emerging ones such as social engineering, critical infrastructure attacks, cloud and mobile security risks, cryptocurrency crimes, AI-powered attacks and hybrid attacks (Reyes, 2024). While BPO Industry implements strict and complex cybersecurity frameworks to keep them secured, gig economy workers are left vulnerable.

2.7.4 AI Integration

Literature suggests that AI has the potential to enable novel employment positions, stimulate entrepreneurial initiatives, and bridge digital gap, promoting inclusive economic development of both BPO industry and gig economy (Lin, 2024). However, there is currently no legislative framework to guide investments, foster

research and development and prepare the Filipino workforce for Artificial intelligence (AI) development and integration in the Philippines (Cucio & Hennig, 2025). While the Philippines has made progress through the updated National AI Strategy Roadmap and integration of AI in the strategies outlines in the Philippine Development Plan for 2023-2028, many businesses and entrepreneurs lack the infrastructure and resources to adopt AI technologies effectively (Quimba, Moreno & Salazar, 2024).

2.7.5 Policy support for the Digital Economy in general

Both non-voice BPO Industry and the gig economy are part of the digital economy which is challenged by factors including significant shortage of internet service providers, high cost for ICT services, scarcity of secure internet servers, trust and data privacy concerns, shortage for digital skills manpower, policy bottlenecks, high barriers to entry because of blanket prohibitions, inadequate infrastructure and low awareness for training and funding support. Studies recommend that various strategies and roadmaps should be consolidated into a single official policy framework to address all gaps and digital divide (Quimba, 2025).

- * A regular schedule for reviews and adjustments
- * Quarterly data support, robust analysis of patterns and relations

Chapter 3 Research Methodology

3.1 Research Design

This capstone project will be conducted using mixed-method research design through qualitative (interviews) and quantitative research (surveys).

The qualitative phase will be used to understand perceptions, factors that affect decisions, risk assessment, operational challenges and other relevant themes regarding cost structure, cybersecurity and data privacy resilience, AI Adoption, and Policy preparedness of BPO companies and Gig Economy employers and investors. The research will also include insights on why professionals would prefer to work in the gig economy than set up a BPO.

For the quantitative phase, the research aims to measure how widespread certain views are amongst BPO workers and Gig freelancers in order to statistically validate patterns and relationships discovered during the qualitative data phase. Structured surveys will provide breadth and generalizability to complement qualitative insights.

This study will utilize mixed methods to provide the research with both:

- A deeper rationale for behaviors and decisions; and
- Quantitative data to support robust analysis on patterns and relations between the identified variables (Cost, Cyber/Data Privacy risks, AI Adoption and relevant demographics)

3.2 Data Collection Method

3.2.1 Qualitative Data Collection: In-Depth Interviews (IDIs)

Qualitative data will be collected by conducting 16 In-Depth Interviews with Key Informants from each desired profiles with minimum of 3 years experience in their respective roles:

Experience: 3+ years in BPO or Gig Employing/Investing/Operating

Industry:

- BPO (Human Resources, Finance, IT, Management)
- Gig Employers/Investors/Regulators

These interviews will provide expert insight to understand current practices regarding cost, cybersecurity resilience, AI integration, and legal preparedness.

Interviews will be conducted face-to-face (or via computer, if remotely located) to understand firsthand accounts, sensitive information not typically shared in group settings, and high-level views on topics. The method of IDIs are chosen to dive deep and allow flexibility on topics that surface during interviews compared to focus group discussions

3.2.2 Quantitative Data Collection: Surveys

Quantitative data will be collected by distributing 400 structured surveys, 200 each from the following demographics:

- 200 BPO Workers. The BPO respondents will be gathered via face-to-face (intercept) interviews due to centralized location of workplaces. BPO respondents will be intercepted within working hours nearby their work area.

- 200 Gig Workers. Will be surveyed online due to geography where majority of gig workers are freelancing from home.

Both demographics will cover 5 job functions (Graphic Artist, Accounting Staff, Developers, Account Managers, Other). The survey will be conducted via Computer-Aided Personnel Interviewing program (CAPI).

3.3 Sampling Framework

Interviews and surveys are selected according to research target market segments.

3.3.1 Key Informant Sampling (Qualitative)

Qualitative interviews will be conducted through Purposive sampling of industry experts, heads of departments, and investors. This ensures that information gathered is relevant based on RRL done previously, consultations with industry experts, and advice from professors and fellow data collectors. An equal distribution is decided on based the following criteria:

- 4 BPO HR Management Officers
- 4 BPO Finance Management Officers
- 2 BPO IT Heads or CIOs or CTOs (Chief Information or Technology Officer)
- 4 Gig Employers or Investors
- 3 Regulators and/or Industry Leaders

3.3.2 Respondent Sampling (Quantitative)

200 BPO Workers: Purposive sampling will be used to determine targeted demographics while Snowball sampling will be used to include other job functions.

Sampling will be done by intercepting individuals working in BPO companies all over

Luzon (High Concentration: NCR, Cavite/Laguna, Pampanga/Tarlac), Visayas

Mindanao

(Cebu) and (South) (Davao). This allows for broad representation not just limited to Metro Manila.

Location	Graphic Artist	Accounting Staff	Developer	Account Managers	Other Positions	TOTAL
NCR	8	8	8	8	8	40
Cavite/ Laguna	8	8	8	8	8	40
Pampanga/ Tarlac	8	8	8	8	8	40
Cebu	8	8	8	8	8	40
Davao	8	8	8	8	8	40
Total	40	40	40	40	40	200

200 Gig Freelancers: Same sampling method will be applied. Since Gig Workers are scattered all over the country due to the nature of their work (remote working, flexible hours).

Position					
Graphic Artist	Accounting Staff	Developer	Account Managers	Other Positions	TOTAL
8	8	8	8	8	40
8	8	8	8	8	40
8	8	8	8	8	40
8	8	8	8	8	40
8	8	8	8	8	40
40	40	40	40	40	200

Total sample of 400 will allow the study to reach 95% confidence level with a 5% margin of error.

3.3.3 Stakeholder Representation

Both research phases allow the study to cover data from all relevant stakeholders within the BPO and Gig economy:

- BPO company leadership
- BPO workforce

- Employers of Gig economy
- Employees of Gig economy
- Expert insights to cover broader policymaking and regulatory implications

The sampling framework allows the study to dive deep into contextual insights (qualitative) while also providing a wide enough sample to generalize about potential differences and factors (quantitative).

3.4 Data Analysis Techniques

3.4.1 Qualitative Analysis

The qualitative frameworks that will be utilized are:

1. Thematic Analysis

Qualitative analysis will be done by reviewing interview transcripts and noting common themes that arise regarding current organizational processes that may add to operating costs, cybersecurity/data privacy vulnerabilities and risks, lack of AI implementation, and policy deficiencies. Why they prefer to stay in the gig economy than work in a BPO will also be discussed. Specific details will be coded and categorized by themes.

2. Triangulation

Taken from mixedmethodsapproaches.com: Triangulation is used to “cross validate” by taking two or more data sources and methods and investigating if the results correlate. Using this approach provides stronger proof that discovered insights are valid and true.

3.4.2 Quantitative Analysis

1. Descriptive Statistics

Descriptive statistics ^u will be used to summarize and understand the characteristics of BPO workers and gig workers. These include:

- Measures of central tendency (mean, median, mode)
- Measures of variability (range, variance, standard deviation)
- Frequency counts and percentages
- Cross-tabulations to identify patterns between worker groups across key variables

2. Inferential Statistical Analysis

These analyses will help identify statistically significant relationships, differences, strengths, weaknesses, and opportunities for improvement within and across the two workforce sectors.

- Correlation analysis (e.g., Pearson or Spearman correlation) to assess the strength and direction of relationships among factors such as cost, cybersecurity and data privacy practices, readiness, AI adoption, and policy awareness.
- Group comparison tests, such as:
 - Independent samples t-test to compare mean differences between BPO workers and gig workers on continuous variables
 - Chi-square tests of independence to examine associations between categorical variables

3. Construct Validity and Reliability

For the quantitative phase, the researchers will ensure that reliability and construct validity by determining cronbach alpha and factor analysis. Purposive and snow ball sampling will be used.

3.5 Validation and Triangulation

1. Methodological Triangulation

We will use triangulation of methods by qualitatively coding interview responses then later verifying if the larger sample size would respond the same way as mentioned by key informants. If there are any outliers in the quantitative data, the team can then refer back to qualitative interviews for possible explanations. Both methods are used to address the different views per set of interviewees in order to best answer the research questions, as well as to get understanding of the nuanced human experience and the economic view of BPO vs gig sectors.

2. Data Source Triangulation

Our study includes various respondents: BPO executives, BPO workers, gig employers, and gig freelancers. This allows **us** to use one source of information to validate or question the information provided by another. These groups are selected intentionally based on geographical location and snowball sampling to address objectivity. In depth interviews are conducted for the decision makers who are selected purposively to ensure research questions and hypotheses are properly and thoroughly addressed.

The researchers will maintain quality and consistency of study through the use of recordings (if permitted), note taking, and analytics methodologies. Note that research policies and standards are followed, ie Data Privacy. **We** implemented geographical focus around summer time in the Philippines post merit increase and bonus payout which coincides with the relevance of data goal which is implemented closer to the capstone defense date. Demographic variables such as civil status and

number of children/dependents are compared to job security, income and job stability.

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SEVEN THOUSAND FIVE HUNDRED FORTY ONE AND 25/100THS

ORDER OF
PAY TO THE

TO:
SMART COMMUNICATIONS, INC.

11/24/2010