

A Morphological Analysis Of The Integration Of Bpo Services And Its Impact On Urban Landscape In Baguio City Economic Zone

Ar. Joevan F. Rona¹, Ar. Irene G. Florendo², Prof. Dr. Ratnakar D Bala³

¹University of the Cordilleras, Governor Pack Road, Baguio City, Benguet 2600, PH
230-D Benin Rd., Purok 4, Pinsao Proper, Baguio City, Benguet 2600, PH, jfrona@uc-bcf.edu.ph,
joevanrona@gmail.com

²University of the Cordilleras, Governor Pack Road, Baguio City, Benguet 2600, PH

³Research Advisor, IMRF Institute of Higher Education & Research,
Vijayawada, Andhra Pradesh, India. dbratnakarimrf@gmail.com

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ABSTRACT

The Baguio City Economic Zone (BCEZ) underwent a transformative evolution, having shifted from an export-oriented enclave to a dynamic hub that incorporated Business Process Outsourcing (BPO) services. This study addressed critical questions concerning morphological changes within the economic zone of Baguio City and their consequential impact on the surrounding urban landscape. The morphological analysis focused on understanding adaptations within the BCEZ to accommodate both export-based facilities and BPO services. This included exploring alterations in infrastructure, spatial organization, and the integration of amenities to support diversified activities. As BPO services expanded within the BCEZ, significant changes in the urban landscape were anticipated, such as shifts in land use, alterations in transportation patterns, and the emergence of new commercial and residential spaces. This limited exploration necessitates further investigation to comprehend the broader implications for the urban fabric. In examining the evolution of the BCEZ, a targeted exploration of policies and regulations was conducted to better understand their role in facilitating the integration of BPO services. Findings indicated a notable expansion of infrastructure and amenities to accommodate the growing demand for BPO services, accompanied by shifts in land use patterns and transportation habits. Policy exploration revealed the importance of incentives, zoning regulations, and infrastructure policies in facilitating BPO integration. The study underscored the need for adaptive urban development strategies and supportive regulatory frameworks to foster sustainable, inclusive, and resilient urban environments within economic zones like the BCEZ.

Keywords: Baguio City Economic Zone, BCEZ, Business Process Outsourcing, BPO, Philippine Economic Zone Authority, PEZA, Morphological Analysis, Economic zone evolution, Urban landscape impact

Introduction

Export processing zones (EPZs) are considered an important economic strategy to boost export promotion, attract foreign direct investments, and create employment opportunities for the domestic workforce (Manasan, 2013).

According to Dumayas (2021), the Philippines is one of the many countries in Southeast Asia that have extensively pursued economic zone development. These zones have continuously evolved overtime, with significant consequences.

One of the outcomes of this evolution is the integration of business process outsourcing (BPO) services inside these economic zones. In many developing nations such as the Philippines, the Business Process Outsourcing (BPO) industry has evolved as a substantial sector, providing different business services such as customer support, technical help, data management, and back-office activities (Bertrand, 2011).

In Baguio City, the Baguio City Economic Zone (BCEZ) has experienced a significant transformation,

evolving from an export-oriented enclave to a dynamic hub that embraces Business Process Outsourcing (BPO) services. This shift raises critical questions about the morphological changes within the BCEZ and their consequential impact on the urban landscape of Baguio City. This paper intends to answer the following research questions:

1. How have the physical infrastructure, spatial organization, and amenities within the Baguio City Economic Zone (BCEZ) been adapted to accommodate the specific requirements of Business Process Outsourcing (BPO) services?
2. What are the observed shifts in land use patterns and transportation habits within the BCEZ following the integration of BPO services, and how do these changes impact the overall urban landscape?
3. How effective are the existing incentives, zoning regulations, and infrastructure policies in facilitating the integration of BPO services within the BCEZ, and what adjustments are necessary to optimize their impact?
4. What key insights from the morphological analysis and policy exploration can inform future research and urban development strategies aimed at fostering sustainable BPO integration and enhancing the overall development of the BCEZ?

Objectives

The integration of Business Process Outsourcing (BPO) services within economic zones has become a significant driver of urban transformation, necessitating an understanding of its implications for both physical and social landscapes. In response to this dynamic phenomenon, this study seeks to address key objectives aimed at unraveling the multifaceted impacts of BPO integration within the Baguio City Economic Zone (BCEZ). Through a systematic exploration of distinct research questions, this research endeavors to shed light on the intricate interplay between BPO services and urban development, with a particular focus on the following objectives:

1. Conduct a morphological analysis of the BCEZ to understand adaptations for accommodating BPO services.
2. Examine the impact of BPO services on the urban landscape, focusing on land use patterns and transportation habits.
3. Explore policies influencing BPO integration, including incentives, zoning regulations, and infrastructure policies.
4. Provide insights and recommendations for future research and urban development strategies.

Scope and Limitations of the Study

The study focuses on morphological analysis of the Baguio City Economic Zone (BCEZ) to understand adaptations for integrating Business Process Outsourcing (BPO) services. It examines changes in infrastructure, spatial organization, and amenities to support BPO activities, alongside impacts on land use and transportation. The research explores policies influencing BPO integration, offering insights and recommendations tailored to the BCEZ context. Limitations include geographical confinement, potential oversight of socio-economic factors, data constraints, and context-specific recommendations. Despite limitations, the study provides valuable insights for future research and policy interventions in similar contexts.

Methods

The study employed a mixed-methods approach, combining qualitative interviews with key stakeholders and quantitative surveys distributed among residents and workers in the BCEZ. Thematic coding and statistical analysis were utilized to analyze qualitative and quantitative data, respectively, while adhering to ethical guidelines. Qualitative interviews with representatives from BPO firms, urban planners, and government officials covered themes related to morphological changes, urban development, and BPO integration. Complementing this, 105 respondents participated in quantitative surveys, providing insights into land use perceptions, transportation habits, and overall satisfaction with the urban landscape. Thematic coding was used for qualitative data analysis, while statistical software processed quantitative data to generate descriptive statistics and identify correlations. Ethical considerations included ensuring participant confidentiality, obtaining informed consent, and informing participants of their right to withdraw without consequence.

Results

Morphological Changes in BCEZ

Physical Adaptations

The global need for BPO services, particularly in sectors like customer support, IT services, and back-office operations, has played a crucial role in boosting BPO businesses' inclusion in BCEZ. The potential to deliver low-cost, high-quality services to foreign clientele has enticed BPO firms to set up business in Baguio City.

ENTERPRISE NAME	REGISTERED ACTIVITY	INDUSTRY	DATE REGISTERED WITH PEZA
Foundever Philippines Corporation [formerly: SITEL PHILIPPINES CORPORATION; CLIENTLOGIC PHILIPPINES, INC.]	Operation of a call center providing customer services including but not limited to desktop troubleshooting for operating systems, software, hardware and general internet connectivity	Call Centers	9-Jun-2004
Foundever Philippines Corporation	To operate a call center providing customer services including but not limited to desktop troubleshooting for operating systems, software, hardware and general internet connectivity	Call Centers	24-Sep-2007
Foundever Philippines Corporation	Call center services	Call Centers	27-Oct-2009
NOBLE TRENDS UNBOUND, INC.	Call center services and business process outsourcing	Call Centers	23-Oct-2007
TI (PHILIPPINES), INC.	To provide Administrative Support/Services (P2P); Basic/Site Support, Enterprise/Global Support and Software Development (ACE)	Business Process Outsourcing	5-Feb-2016

Table 1. BPO services inside Baguio City Economic Zone (BCEZ). PEZA

The morphological changes in Baguio City Economic Zone (BCEZ) are driven by rising demand for Business Process Outsourcing (BPO) services, leading to notable physical adaptations including modern office buildings and enhanced transportation infrastructure, indicating the growing prominence of BPO firms in the area.

Figures 1, 2, and 3 illustrate the spatial distribution of BPO firms within the BCEZ within a period of 20 years. During this period, the urban landscape in the BCEZ underwent notable transformations to accommodate the growing presence of BPO services.



Figure 1. BCEZ urban landscape in 2003 showing the absence of BPO facilities. Image via Google Earth.



Figure 2. BCEZ urban landscape in 2013 showing BPO facilities within the zone. Image via Google Earth.



Figure 3. BCEZ urban landscape in 2023 showing BPO facilities within the zone. Image via Google Earth.

Stakeholder interviews revealed a growing demand for office space within the BCEZ, necessitating the construction of modern office buildings equipped with state-of-the-art facilities to accommodate BPO operations. Investments in transportation infrastructure, including road networks and public transit systems, were identified as critical to ensure seamless connectivity for employees commuting to and from the BCEZ.

Technological Integration

The integration of advanced telecommunications infrastructure is crucial for supporting BPO operations, facilitating real-time data processing and communication. Robust cybersecurity measures are essential to safeguard sensitive information. Survey responses indicate the development of flexible office spaces and recreational areas like green spaces and public plazas, enhancing quality of life for residents and workers and contributing to urban attractiveness.

Integration of Amenities

The Baguio City Economic Zone (BCEZ) has witnessed a significant evolution in its amenities, transitioning from a focus on basic infrastructure to a diverse range of offerings tailored to the population's needs. This shift reflects a broader trend towards creating vibrant and inclusive urban spaces. Efforts include the development of social spaces like parks and plazas, integration of digital amenities for connectivity, expansion of

recreational facilities promoting physical activity, and provision of essential support services such as healthcare and education. These initiatives aim to enhance overall well-being and foster a sense of community within the BCEZ.

Impacts on the Urban Landscape

Shifts in Land Use

Qualitative interviews in the BCEZ highlighted a notable shift towards mixed-use developments, departing from traditional zoning distinctions, with residents and workers prioritizing connectivity, convenience, and green spaces for sustainable urban planning and community well-being. Survey data corroborated these findings, indicating a preference for mixed-use environments driven by factors such as proximity to amenities and transportation accessibility. The integration of BPO services also influenced transportation habits, with workers opting for alternative modes like shared rides and biking. Quantitative analysis confirmed a shift towards sustainable commuting methods, reducing congestion and pollution, and revealing a growing demand for initiatives like bicycle lanes and electric vehicle charging stations. Interviews with developers and business owners showcased significant new developments catering to the expanding workforce and residential community, with a focus on modern amenities and sustainable design, aligning with global trends towards eco-friendly urban development.

Policy Exploration: Facilitating BPO Integration

The integration of Business Process Outsourcing (BPO) services within economic zones necessitates a supportive regulatory framework to foster growth and sustainability. The study delved into the policies facilitating BPO integration within the Baguio City Economic Zone (BCEZ), offering insights into incentives, zoning regulations, and infrastructure policies.

A robust regulatory framework is essential to provide a conducive environment for BPO firms to thrive. The examination of the regulatory landscape within the BCEZ revealed several key components:

1. **Incentives:** The Philippine Economic Zone Authority (PEZA) offers various incentives to attract BPO firms, including income tax holidays, duty-free importation of equipment, and streamlined processes for business registration. These incentives aim to reduce the operational costs of BPO firms and incentivize investment in the region.

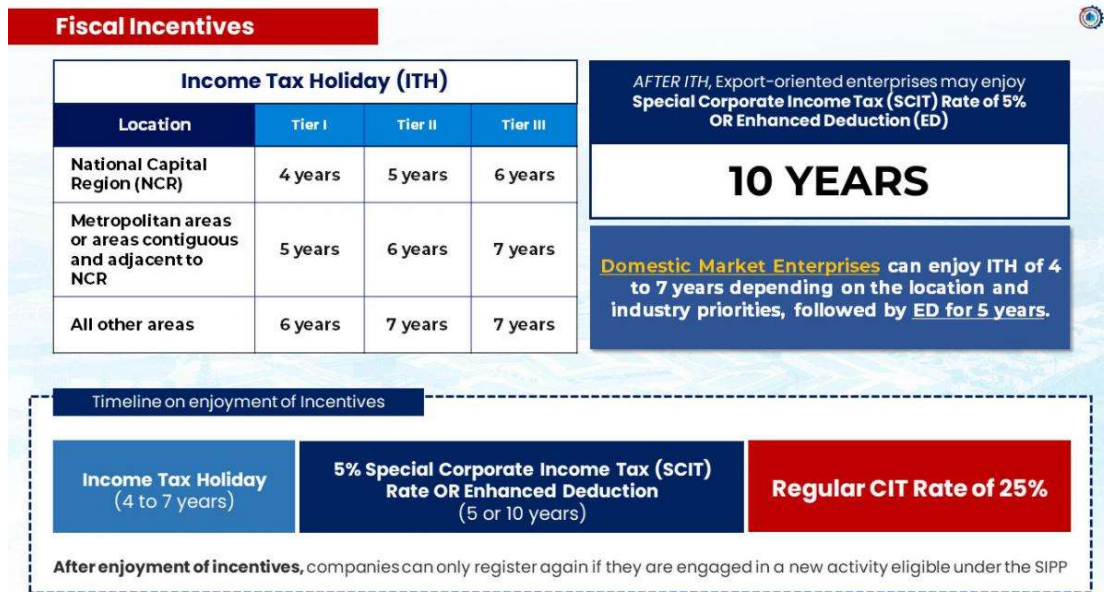


Figure 4. Fiscal Incentives. PEZA



Figure 5. Non-fiscal Incentives. PEZA

2. Zoning Regulations: Zoning regulations play a crucial role in determining the spatial distribution of BPO activities within the BCEZ. By designating specific areas for commercial and office use, zoning regulations help prevent conflicts and ensure efficient land utilization.
3. Infrastructure Policies: Adequate infrastructure supports the operations of BPO firms, including reliable telecommunications networks, transportation facilities, and utilities. Baguio City policies aim enhancing infrastructure development within BCEZ that attracts BPO investment and facilitate business operations.

Insights and Implications

The analysis of the regulatory framework supporting BPO integration in the BCEZ yielded several insights and implications:

1. Attractiveness for Investment: The availability of incentives and supportive policies enhances the attractiveness of the BCEZ for BPO firms seeking to establish operations in the region. By offering favorable conditions, policymakers can position the BCEZ as a competitive destination for BPO investment, driving economic growth and job creation.
2. Sustainability and Competitiveness: Effective zoning regulations and infrastructure policies are critical for ensuring the long-term sustainability and competitiveness of the BCEZ. By promoting orderly development and providing essential infrastructure support, policymakers can create an environment conducive to BPO growth while mitigating potential challenges such as congestion and inadequate facilities.
3. Collaborative Governance: The success of BPO integration relies on collaborative governance involving government agencies, industry stakeholders, and local communities. By fostering partnerships and stakeholder engagement, policymakers can ensure that regulatory policies align with the needs and aspirations of all parties involved, leading to more inclusive and sustainable development outcomes.

Exploration of Policy Implications on Urban Development

- The analysis revealed a complex web of regulations governing land use, zoning, infrastructure development, and environmental sustainability within the BCEZ.
- Policies aimed at promoting economic growth and attracting investment often conflicted with those focused on environmental conservation and community welfare.
- The lack of coordination and integration between different policy domains hindered holistic urban development planning and implementation.

Addressing Conflicts and Synergies Between Policies

- Efforts to reconcile conflicting policies centered on enhancing multi-stakeholder collaboration, fostering dialogue between government agencies, private sector entities, and community representatives.

- The identification of common goals and shared interests facilitated the alignment of policies to promote sustainable urban development while supporting BPO industry growth.
- Initiatives such as policy harmonization, adaptive governance frameworks, and participatory decision-making processes emerged as key strategies for resolving policy conflicts and leveraging synergies.

Discussion

The morphological analysis conducted in the Baguio City Economic Zone (BCEZ) sheds light on the intricate relationship between the integration of Business Process Outsourcing (BPO) services and the resultant impacts on the urban landscape. This section discusses the findings and implications of the study, focusing on the evolution of infrastructure, spatial organization, amenities, and the associated policy implications for urban development.

Morphological Changes and Urban Landscape Impact

The examination of infrastructure adaptations within the BCEZ revealed a notable expansion to accommodate the growing demand for office space and advanced technological requirements of BPO operations. This expansion encompasses the construction of modern office buildings equipped with state-of-the-art facilities, alongside investments in transportation infrastructure to ensure seamless connectivity for employees commuting to and from the BCEZ. These adaptations signify a fundamental transformation in the physical landscape of the economic zone, reflecting its transition into a dynamic hub for BPO services.

Moreover, the study identified a dynamic interplay between traditional facilities and the evolving spatial needs of the BPO sector. This includes the integration of modern amenities to cater to the diverse requirements of BPO firms. The development of flexible office spaces and recreational areas within the BCEZ underscores efforts to create vibrant and conducive environments for the workforce, enhancing the overall attractiveness of the urban landscape.

The integration of amenities within the BCEZ has undergone significant evolution, catering to the diversified needs of residents and workers. This evolution encompasses the development of social spaces, recreational facilities, and support services to promote community well-being and enhance the quality of life. The provision of such amenities not only fosters a sense of belonging and social cohesion but also contributes to the creation of a sustainable and livable urban environment within the economic zone.

Impact of BPO Services on Urban Landscape

The study revealed notable shifts in land use patterns within the BCEZ, driven by changing perceptions and preferences among residents and workers. There is a growing inclination towards mixed-use developments and integrated spaces that blur traditional distinctions between residential, commercial, and industrial zones. This trend underscores a desire for multifunctional environments that promote connectivity, convenience, and sustainability.

Furthermore, the integration of BPO services has influenced transportation habits among workers in the BCEZ, leading to a discernible shift towards more sustainable modes of transportation. The study identified a reduction in reliance on private vehicles in favor of shared rides, biking, or walking, driven by factors such as flexible work schedules and increased environmental awareness. These changes reflect a broader trend towards promoting sustainable transportation options and reducing carbon emissions within the economic zone.

The emergence of new commercial and residential spaces within the BCEZ signifies ongoing urban development and growth. Key developments, including commercial complexes, office buildings, and mixed-use developments, cater to the evolving needs of the workforce and residential population. This influx of new developments underscores the BCEZ's status as a dynamic and evolving urban center, poised for continued expansion and innovation.

Implications

The morphological analysis conducted in the Baguio City Economic Zone (BCEZ) yields significant implications for urban development and policy formulation. This section discusses the implications derived from the study's findings, focusing on the integration of Business Process Outsourcing (BPO) services and its impact on the urban landscape.

Urban Development Strategies

The findings of the morphological analysis underscore the need for adaptive urban development strategies tailored to the evolving needs of the BCEZ transitioning to accommodate BPO services. Urban planners

and policymakers must recognize the dynamic interplay between traditional infrastructure and the modern spatial requirements of the BPO sector. Strategies should prioritize the development of flexible office spaces, transportation infrastructure enhancements, and the integration of amenities to create vibrant, inclusive, and sustainable urban environments within the economic zone.

Policy Formulation and Implementation

The study highlights the importance of a supportive regulatory framework in facilitating the integration of BPO services and promoting sustainable urban development. Policymakers should focus on harmonizing regulations to address conflicts and capitalize on synergies between policies governing land use, zoning, infrastructure development, and environmental sustainability. Initiatives promoting multi-stakeholder collaboration, adaptive governance frameworks, and participatory decision-making processes are essential for ensuring the effective formulation and implementation of policies that foster BPO growth while preserving the quality of the urban environment.

Economic Opportunities and Competitiveness

The morphological changes observed within the BCEZ signify significant economic opportunities for the region. The transition from an export-oriented enclave to a dynamic hub embracing BPO services opens avenues for job creation, investment attraction, and economic diversification. Policymakers should leverage these opportunities to enhance the competitiveness of the BCEZ as a preferred destination for BPO firms, fostering sustainable economic growth and enhancing the region's global competitiveness.

Social and Environmental Sustainability

The integration of BPO services should be accompanied by efforts to promote social inclusivity and environmental sustainability within the economic zone. Urban development strategies should prioritize the creation of inclusive spaces that cater to the diverse needs of residents and workers, fostering social cohesion and community well-being. Additionally, policies promoting green infrastructure, sustainable transportation options, and environmental conservation are essential for mitigating the environmental impacts of urban development and ensuring the long-term sustainability of BCEZ.

Conclusion

The morphological analysis conducted in the Baguio City Economic Zone (BCEZ) sheds light on the intricate relationship between the integration of Business Process Outsourcing (BPO) services and the resultant impacts on the urban landscape. This study provided valuable insights into the adaptations within the BCEZ to accommodate both traditional export-based facilities and the modern requirements of BPO services. Through the investigation of infrastructure adaptations, spatial organization changes, and the integration of amenities, significant shifts in the urban landscape were observed, including changes in land use patterns, alterations in transportation habits, and the emergence of new commercial and residential spaces.

However, it is essential to acknowledge the limitations of this study in fully addressing the broader spectrum of impacts and policy nuances. While the findings offer valuable insights into specific aspects of the urban landscape and policy considerations within the economic zone, further research is needed to comprehensively understand the broader implications for urban development. Future studies should explore the long-term effects of BPO integration on economic growth, social dynamics, environmental sustainability, and community well-being. Additionally, comparative studies across different economic zones can provide valuable insights into best practices and inform future policy interventions and urban development strategies.

In conclusion, the morphological analysis of the integration of BPO services in the BCEZ underscores the need for adaptive urban development strategies, supportive regulatory frameworks, and collaborative governance approaches to foster sustainable, inclusive, and resilient urban environments.

Recommendations

Based on the findings of this study, several recommendations are proposed for future research and urban development endeavors:

Comprehensive Policy Analysis

Conduct comprehensive analyses of policies and regulations governing economic zones to better understand their implications for urban development. This includes examining incentives, zoning regulations, infrastructure policies, and environmental regulations to identify areas for improvement and optimization.

Longitudinal Studies

Undertake longitudinal studies to track the evolving morphological changes and their long-term impacts on the urban landscape. Longitudinal data collection allows researchers to identify trends, patterns, and trajectories over time, providing valuable insights into the dynamic nature of urban development processes.

Comparative Analyses

Conduct comparative studies across different economic zones to assess variations in policy approaches, implementation strategies, and urban development outcomes. By comparing experiences and lessons learned from diverse contexts, policymakers can identify best practices and tailor interventions to specific local contexts.

Stakeholder Engagement

Foster multi-stakeholder collaboration and engagement in urban development processes to ensure inclusivity, transparency, and accountability. Stakeholders, including government agencies, private sector entities, community organizations, and residents, should be actively involved in decision-making processes to promote collective ownership and support for urban development initiatives.

Capacity Building

Invest in capacity building initiatives to enhance the knowledge, skills, and competencies of urban planners, policymakers, and community leaders involved in urban development. Capacity building efforts should focus on promoting interdisciplinary collaboration, evidence-based decision-making, and participatory planning approaches to address complex urban challenges effectively.

By implementing these recommendations, policymakers, researchers, and urban practitioners can advance our understanding of the integration of BPO services and its impacts on the urban landscape, ultimately contributing to the development of sustainable, inclusive, and resilient cities for future generations.

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