Pandemic seen underlining need for digital skills

THE need for digital transformation was laid bare by the pandemic, particularly for the Asia-Pacific, where the bulk of the economic growth depending on efficiencies unlocked by technological upgrades, according to the Asian Development Bank (ADB).

"As one of the fastest-growing regions in the world, Asia and the Pacific has witnessed rapid digitization in recent years. While the trend was evident before the COVID-19 pandemic, the pandemic catalyzed a dramatic acceleration in the demand for digital skills and jobs," the ADB said in a blog post.

The ADB said that nearly 65% of gross domestic product in the Asia-Pacific will be produced by economies that have digitized by the end of 2022, citing estimates from the International Data Corp.

"This transformation will require a workforce across industries with basic, intermediate and advanced digital skills," the bank added.

The demand for digital skills has grown "astronomically" in the last five years, according to a study by the ADB and LinkedIn. The study looked at digital job hiring trends across the Asia and the Pacific, including the Philippines.

"Employers have added basic digital literacy to essential requirements for eight out of 10 job roles in the past year... workers with intermediate or advanced digital skills were much more in demand than those with only basic digital skills," the ADB said.

Workers skilled in Structured Query Language and Java were also among the most in demand across jobs and industries.

"This indicates the broad applicability and relevance of these fundamental programming skills. Employers can benefit from adopting more flexible approaches to hiring programming talent, including by identifying talent skilled through online, micro and modular learning, as opposed to more traditional degree programs," it added.

In a survey, 89% of respondents said digital credentials will become a critical part of higher education going forward.

"The COVID-19 pandemic effectuated a drastic change in how people work globally... with digitization pervading all industries, every worker must be equipped with at least basic digital skills to remain relevant in the post-pandemic labor market," the ADB said.

"It is critical for businesses to adopt more flexible approaches to hiring and developing talent for digital jobs. Workers must also cultivate a growth mindset and embrace lifelong learning of digital skills. This is how we will continue to create economic opportunities for every member of the global workforce," it added. — **Luisa Maria Jacinta C. Jocson**

OPINION

The ethics of extreme sales tactics

IN THE WORKPLACE
REY ELBO

ELBONOMICS: Fair is fair when everyone agrees to it.

We have 12 sales staff that compete in a quarterly competition for hefty cash rewards and foreign trips. Unfortunately, this has resulted in conflict among them. One possible cause is that they're allowed to use underhanded sales tactics like buying confidential information from competitors. Some do not hesitate to resort to bribing customers using their own money. Some "ethical" sales people are complaining about these practices. How do we resolve this matter? — White Rabbit.

This is the downside to offering lucrative rewards for individual performance, rather than rewarding team performance. It will be difficult to shift to a new incentive structure when revenue has come to depend on such a system of rewards.

Everything boils down to the beliefs of top management, as reflected in the company's mission, vision and values (MVV) system. How sincere have you been in practicing them? If you turn a blind eye to bribing customers, it certainly reflects on the company's ethics and integrity.

Even if "ethics" or "integrity" are not carved in stone in your MVV, you cannot simply dismiss any unethical practices as being to the benefit of the organization. Bribing customers and buying competitors' trade secrets can't be justified. Sooner or later, such extreme sales tactics could condition your managers and employees to the point where they would not hesitate in cheating the customer of bribing a government official in pursuit of company objectives.

If that happens, you will need to ask yourself — is it worth it?

In all cases, the answer is "no." For one, you can't ignore the complaints of the "ethical" sales people who oppose such practices. You must put an end to these unsavory practices by reviewing your policy and sending the signal that management will not tolerate such methods. You must argue strongly for ethics in sales and persuade everyone to accept the changes.

TWIN SOLUTIONS

If extreme sales tactics have been practiced for some time, say for more than three years, you can't ban them without a compelling reason. You need to convince everyone to support change. Top management must be first in reinforcing the desired behavior. Consider the following steps:

One, take an objective, hard look of the rewards policy. Consider the overall rewards system for all types of employees, sales and non-sales alike. Is it possible to increase revenue without resorting to incentives? Would it be possible to offer competitive pay while requiring sales people to achieve hefty quotas?

Corollary to this, do you have the option to terminate non-performing sales personnel as soon as they become deadwood, say for two consecutive months?

If you need sales to be high, is it possible to reward workers who can hit their quotas while remaining ethical? Note the example of San Miguel Corp., which has "profit with honor" enshrined in its values, as cited below:

"We do what is right. We believe in profit with honor. For us, this simply means doing what we'll say we'll do and acting with honesty, fairness and integrity."

You can't go wrong by acting with honesty, fairness and integrity. Even if you don't have it in your MVV, it's not an excuse to do the opposite.

Last, emphasize the importance of integrity. And that all high work performance will only be rewarded if it doesn't violate the "profit with honor" principle. Inform all sales personnel of the policy change.

Make it clear that personal integrity will be rewarded. Arrange with the human resources department to provide training support for all managers and workers, regardless of the nature of their job and title.

To make the training worthwhile, arrange for a hybrid of online and face-to-face interaction. Allow them to practice their lessons in actual job situations with the help of other employees. For this purpose, you may need the help of line supervisors and managers who can provide after-class coaching, while offering observations as the staff put their lessons into practice.

REASONABLE REWARDS

Regardless of their job, workers will do what they have to do to achieve their targets while adhering to the MVV. As part of management, it's up to you to open the door to meaningful change via training and a reasonable reward and recognition system.

It's imperative to lend as much support as you can. Be a friend to all and encourage other employees to do the same. Once again, your best guidance is the MVV. Take it to heart. Internalize the principles in letter and in spirit. You can't go wrong with that.

Chat your workplace questions with Rey Elbo on Facebook, LinkedIn or Twitter or e-mail them to **elbonomics@gmail.com** or via **https://reyelbo.com**

OUTLOOK 2023

Business groups see a better year, but challenges abound

By Revin Mikhael D. Ochave
Reporter

LOCAL business groups are expecting a better year for their respective sectors despite the global economic challenges that may hinder the country's growth prospects.

Ebb Hinchliffe, American Chamber of Commerce of the Philippines (AmCham) executive director, told *BusinessWorld* via mobile phone interview that the overall sentiment in the group is that 2023 will be better than 2022.

"On a positive side, the expectation is for interest rates to remain steady or possibly decrease in 2023, which would be positive for investment and growth. Overall sentiment is 2023 will be better than 2022," Mr. Hinchliffe said.

Despite the overall positive sentiment, Mr. Hinchliffe said that other AmCham members remain "cautiously optimistic" for 2023 due to possible challenges that might be faced by recently approved local policies.

"Most see 2023 as a continuing recovery mode and recognize some risk and concerns that could dampen the business climate. These include possible legal challenges to the Public Service Act (PSA) and renewable energy implementing rules and regulations (IRR) allowing 100% foreign ownership. Challenges lead to uncertainty and uncertainty leads to a wait-and-see situation. Other concerns are the possibility of a recession, higher energy cost, and high inflation," Mr. Hinchliffe said.

"Most of AmCham businesses saw a good 2022 as they emerged from the pandemic," he said, adding that most are also cautiously optimistic for 2023.

The Philippine government early last year amended the PSA to allow companies in sectors such as telecommunications, airlines, railways, and shipping to be fully owned by foreigners. These sectors were previously covered by the 40% foreign ownership limit under the 1987 Constitution.

In November, the Energy department issued a circular that amended the IRR of Republic Act No. 9513 or the Renewable Energy Act, which now allows renewable energy projects to be fully owned by foreigners.

However, Mr. Hinchliffe said that other recently passed measures would also entice more foreign direct investments into the Philippines in the new year.

These measures include the amendments to the Foreign Investment Act (FIA) and Retail Trade Liberalization Act (RTLA), Republic Act No. 11697 or the Electric Vehicle Industry Development Act (EVIDA) and Republic Act No. 11904, or the Philippine Creative Industries Development Act (PCIDA).

The amendments to the FIA and the RTLA seek to entice more foreign investments, while the EVIDA aims to boost local demand for EVs, and the PCIDA seeks to boost local creative industries to help economic recovery.

"The recent passing of pro-business legislation would also make 2023 a good year for [an] increase in foreign direct investment (FDI)," Mr. Hinchliffe said.

Rosemarie B. Ong, Philippine Retailers Association (PRA) president, said in a mobile phone interview that local retailers are "cautiously optimistic" for 2023 due to economic challenges.

"The Philippine retail sector is cautiously optimistic about the prospects for [2023]. As it is, retail is doing good and strong with the holiday spending and the easing of coronavirus disease 2019 (COVID-19) restrictions. We see the return of the customers in stores and return of traveling," Ms. Ong said.

"However, we also have new challenges that we are experiencing now that dampens the full retail recovery such as the inflation, which is seen to be continuing to increase even in the incoming months to 2023," she added.

Latest figures from the Philippine Statistics Authority (PSA) showed that the country's headline inflation reached 8% in November on the back of higher food prices, higher than the 7.7% posted in October and 3.7% in November last year.

To counter surging inflation, the Bangko Sentral ng Pilipinas hiked interest rates by 50 basis points, bringing its policy rate to 5.5%. Rates on the overnight deposit and lending facilities were also increased to 5% and 6%, respectively.

Amid guarded optimism, Ms. Ong said that the PRA is hoping that 2023 would allow local retailers to recover from the effects of the COVID-19 pandemic.

"Despite the gloomy and uncertain outlook of global economies for next year, we hope that 2023 will still allow businesses to have opportunities to grow and recover amidst the economic volatility," Ms. Ong said.

"With the current inflation rates and the supply chain disruptions we experience now, business growth might slow down a bit next year. However, we are still hoping that growth will still be continuous in 2023," she added.

Ms. Ong said that the PRA is confident that the Philippine retail would be able to adapt to the economic challenges.

"For retailers to stay afloat amidst these foreseen challenges, we have to be prepared in rethinking or re-strategizing new ways to operate our business, especially under this new normal. We have already done it during the pandemic, and we are confident that Philippine retail will continue to adapt and innovate as we surpass these new challenges," Ms. Ong said.

Steven T. Cua, president of the Philippine Amalgamated Supermarkets Association or Pagasa, said via mobile phone message that the supermarket industry is expected to recover in terms of sales in 2023.

"Assuming that COVID-19 is relatively contained and new variants can be tamed, Pagasa foresees some rebound in sales for the supermarket industry in 2023. This can be greatly accelerated if government tempers unnecessary regulations and helps develop the different industry sectors by stabilizing conditions in the economy," Mr. Cua said.

"Expansion plans put on hold by those in retail, food, construction and tourism are slowly coming to fruition as the economy opens. We see growth slowly building up to pre-pandemic levels," Mr. Cua said.

According to Mr. Cua, a resolution of global economic headwinds such as Russia's war on Ukraine will help the growth of the local supermarket industry.

"An end to the conflict between Ukraine and Russia would signal a good start. Expectations of continuous supply of raw materials and intermediate goods would be encouraging. Increase in disposable income per capita would be good for employment and entrepreneurship," Mr. Cua said.

Mr. Cua added that a stable power supply and improved logistics would also help boost the local supermarket sector.

"Unhampered production of fast-moving consumer goods (FMCG) due to ample power supply and cheaper rates, more orderly traffic even as we invest in infrastructure for public transport and thoroughfares, stable peso versus the dollar, decreasing prices for fuel and imported basic raw materials — all of these would augur well for a better economy in 2023," Mr. Cua said.

However, Mr. Cua said that issues seen to affect the local supermarket industry include corruption and unclear government directions for industry and the economy.

"The industry is slowly climbing there as the cough of COVID-19 clears. We believe 2022 is better than 2021. It could be better if we don't have to be derailed by luxurious prices of sugar, onions and others which in most economies are basic goods in the market," Mr. Cua said.

"Government has to set the favorable economic conditions for balanced growth in the various industries," he added.

George T. Barcelon, Philippine Chamber of Commerce and Industry (PCCI) president, said that it is still too early to predict the outlook of the Philippine business sector in 2023.

"It is too soon to tell. Let us wait a bit longer," Mr. Barcelon said in a mobile phone message.

Meanwhile, British Chamber of Commerce Philippines Executive Director Chris Nelson said that he is optimistic about the local business sector's performance in 2023.

"The first thing I'd say is that you can clearly see that the Philippine economy has reopened. That is very important because the consumer is very important to the Philippine economy. It is a consumer-driven economy, therefore opening up the economy will be a support to the gross domestic product (GDP) growth," Mr. Nelson said.

"The Philippine economy is always driven by consumers. Obviously, retail is going to be a factor. What the Philippines need to continue to improve is on the export side and supporting infrastructure," he added.

Mr. Nelson added that the country should finalize its participation in the Regional Comprehensive Economic Partnership (RCEP) trade agreement to improve the country's business environment in 2023.

"We need to see RCEP through because this allows the Philippines to trade with a huge trading bloc. It is just a reinforcement that the Philippines is an important market and a gateway to Southeast Asia," Mr. Nelson said.

The RCEP, which is touted as the world's largest free trade agreement (FTA), took effect on Jan. 1, 2022. The participating countries include the 10 members of the Association of Southeast Asian Nations (ASEAN), Australia, China, Japan, South Korea, and New Zealand.

However, the Philippines has yet to finalize its participation in the RCEP after the Senate was unable to give its concurrence in the previous Congress due to concerns related to the absence of safeguards for the local agriculture sector.

Former President Rodrigo R. Duterte ratified the RCEP in September 2021 and has been awaiting Senate concurrence before formally participating in the FTA.

The concurrence of the RCEP is now pending at the Senate Committee on Foreign Relations. The Trade department is expecting the Philippines to finalize its participation in the RCEP by the first quarter of 2023.

President Ferdinand R. Marcos, Jr. gave his approval to the RCEP after saying early in his administration that the FTA should be reviewed to ensure that the local agriculture sector is ready for the further opening of trade.

Among participating countries, the Philippines and Myanmar are the only remaining countries that have yet to finalize their participation in the RCEP.

PLDT director acquires more shares in telco

ANOTHER director at PLDT Inc. acquired 15,000 indirect shares of the telecommunications company at P1,312.80 apiece amounting to P19.7 million on Dec. 28, 2022.

In a regulatory filing on Thursday, PLDT said that James L. Go acquired 15,000 common shares, bringing the board member's total direct shares in the firm to 885,724 and his indirect shares to 65,000.

The share acquisition followed those of Manuel V. Pangilinan, PLDT chairman, and Alfredo S. Panlilio, president and chief executive officer, at 3,000 PLDT shares each on Dec. 19.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said one of the reasons for the acquisition is the shares' lower price.

"The company's share price already reached a near-term bottom and already sharply up from the intraday low of P1,130 posted on Dec. 20, 2022," Mr. Ricafort said.

Luis A. Limlingan, head of sales at Regina Capital Development Corp., said that "perhaps the directors believe that PLDT is trading at a deep discount."

"They think that the market's not seeing the true value of the company despite the budget overruns," he added.

"Of course, in the end, we can only speculate their real motives," Mr. Limlingan said.

Last month, PLDT said that it had found an estimated budget overrun of no more than P48 billion, which represents 12.7% of the company's total capital spending in four years.

Mr. Ricafort said the share acquisitions followed PLDT's disclosures that were aimed to clarify issues to the Philippine Stock Exchange as well as to investors.

"[These may also be connected to] the relatively larger profits or net income that is seen to make up for the reported overruns and the recent gains on the sale of telecommunications towers," he added.

In the company's latest public ownership report, PLDT disclosed that its directors now hold 1.28 million direct shares and 249,726 indirect shares of PLDT.

The latest public ownership report on Dec. 29, 2022, does not reflect yet the acquisition of Mr. Go for the 15,000 indirect shares.

On the stock market on Thursday, shares in PLDT closed P24 or 1.66% lower to 1,424.00 each. — **Justine Irish D. Tabile**