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Research Article

Knowledge Process Outsourcing (KPO) Industry: Status and Prospects Affecting Its Growth in the Philippines

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ABSTRACT

In the Knowledge Process Outsourcing market, the Philippines is slowly gaining traction as a genuine challenger. Despite the effect of the pandemic, BPO industries in the Philippines continue to advance, with a promising future in the years ahead. The study focuses on the KPO practices in the Philippine setting and the factors affecting them. The researchers used a descriptive cross-sectional design to analyze the factors affecting the KPO industries and their practices. This study used a purposive sampling technique to 100 supervisory and key account managers as respondents from six BPO firms with KPO services. This study included measures of central tendency and inferential statistics to determine the relationship between KPO practices and the factors affecting them. The result of the study shows that among the three (3) KPO practices, the provider capability gained the highest level, followed by client-retained capacity and contractual governance. In addition, among the four (4) factors affecting KPO practices, regulatory aspects got the highest level, followed closely by innovative elements, technological factors, and human resource factors. Moreover, the study observed low to moderate associations between the KPO practices and the factors. Finally, the technological aspect emerged as a predictor of industry KPO practices.

Keywords*: Human resource factors, Innovation factor, Knowledge Process Outsourcing (KPO), Provider capability, Regulatory factors, Technological factor*

Introduction

After remittances from Filipino workers, the Philippine BPO sector has created over a million employees. It is now the country's second-largest contributor to GDP. As the industry matures, technological advancements will

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usher in a new era of growth, necessitating hiring more highly skilled personnel. The Philippines faces a difficult task in remaining competitive as a BPO destination while also providing quality work for over a million workers, many of whom are women (Boldwell & Errighi, 2016). In the Philippines, the Business Process Outsourcing (BPO) business has thrived for decades. Investors are still drawn to the country to outsource their services less than 30 years after the government enacted the Special Economic Zone Act. The BPO sector has developed to the point where it is now one of the "two legs" of the country's economy, alongside remittances from OFWs (Davis, 2020).

The relevance of the BPO industry in the Philippines solidified its foundations to create millions of employment for Filipinos. Despite its strong basis, the industry was still severely impacted by the global pandemic's consequences, forcing businesses to reassess their operations. Despite its strong basis, the industry was still severely impacted by the global pandemic's consequences, forcing businesses to reassess their operations. Despite tremendous challenges, the BPO industry continues to advance, with a promising future in the years ahead. Filipinos have excellent communication skills and are knowledgeable in various fields. The nation provides high-quality voice, non-voice, and back-office services to a wide range of industries, encouraging more companies to look into outsourcing options in the country.

Furthermore, our familiarity with Western culture gives us an advantage in providing efficient and effective services (Davis, 2020). Knowledge process outsourcing is another BPO spinoff (KPO). In a nutshell, KPO is outsourcing knowledge-intensive business procedures that necessitate specific area knowledge. Because the strength of KPO added value rather than cost savings, changing from a voiced base to KPO might be advantageous for the BPO sector's continued growth (Herguner, 2013).

Offshoring describes a company's decision to relocate its business procedures to another country. These business processes include manufacturing, operations, and support activities like accounting and customer service. A global production network, for example, where various production processes originate in different countries: in computers, microchips are typically assembled in the United States assembles the microchips. In contrast, other parts in Asian countries manufacture them. This concept involves providing professional labor and substituting service from any foreign source for one supplied by business members (Tullao et al., 2019).

As stated by Sako (2006), outsourcing occurs when companies purchase rather than 'make' products in-house. This process is due to the shift from sourcing goods and services domestically to sourcing them from independently held providers. Outsourcing requires specialization. Offshoring happens when a company's productive activities in an overseas move, whether via separately held suppliers or entirely owned (captive) subsidiaries.

In the study of Mudambi and Tallman (2010), they suggested three significant waves in the outsourcing industry: Information Technology Outsourcing (ITO), Business Process Outsourcing (BPO), and Knowledge Process Outsourcing (KPO). Outsourcing entails hiring a third party to complete the relevant tasks within the organization. The ability of firms to outsource suppliers outside of the country has recently developed, giving rise to the notion of offshore. In addition, Tullao et al. (2019) mentioned that offshoring does not imply that inputs from other nations must work for the company domestically. It also implies they might have cross-country collaborations without physically relocating to the client's country. Outsourcing has become a global phenomenon because of business integration and severe competition; it provides qualified yet cost-effective labor (Tullao et al., 2011). In terms of employment, service exports have increased significantly, and the IT-BPO industry has created many jobs. However, employers continue to struggle to find qualified candidates. Some scholars define outsourcing as the "purchase of a good or service previously provided internally" (Lacity & Hirschheim, 1993; Lacity & Willcocks, 2012).

Information Technology Outsourcing (ITO), as defined by Lacity and Willcocks (2012), involves the practice of using IT services like application development and communications, network administration, and distribution to

third parties." Furthermore, according to some academics, certain corporations began outsourcing IT services to third parties as early as 1963.

Business Process Outsourcing (BPO), according to Hergüner (2013), is the process of contracting outcome business functions to another organization. BPO stands for "business process outsourcing," which includes financial and accounting services, human resource management, procurement, research and development, and legal services (Lacity & Willcocks, 2012). Another branch of BPO is knowledge process outsourcing (KPO). Briefly, KPO is outsourcing knowledge-intensive business processes requiring specialized field expertise. The strength of KPO is not the cost-saving but the added value. Thus, shifting from the voiced base sector to KPO may benefit the continuity of growth in the BPO Sector (Herguner, 2013).

The emergence of Knowledge Process Outsourcing in the Philippines

According to Optimum Source Inc. (2018), the idea of KPO is said to have its inception in India in the 80s. The Philippines is continuously acquiring momentum as a significant contender in the Knowledge Process Outsourcing industry. As a former American colony where the educational system is patterned similarly to the States, the Philippines was the call-center hobnob in Asia for years. Most of the working class in the Philippines are highly educated and, more importantly, English speakers. Fortunately, because of globalization, the number of Filipinos skilled in the specialized fields of Finance, International Law, Research, Design and Animation, and Asset Management is steadily increasing. These fields are on a different level than the services which comprise the BPO industry. The Philippines has significantly contributed to the country's economic growth because of voice contact centers. However, the government tries to expand high-value and non-voice services like financial analysis, insurance, and banking. These fields, as well as the ones mentioned above, need professionals with certifications, licenses, and PhDs. These qualifications are very costly in the Western world. If a European company, for example, is planning on taking a team of lawyers and research engineers to handle its patent design and licensing departments. In addition, the confidence of the global market in the stability of the workforce of the Philippines has improved. The government has supported the nation's students in educational programs that will fill the demand for jobs in KPO. All this positive news will fuel the Philippines as a critical player in the international arena for KPO in the coming years.

The Knowledge Process Outsourcing

The purpose of KPO is to provide value by enhancing enterprise decision-making rather than focusing solely on cost savings. Aleman (2014) reconciles the taxonomies of KPOs into two types: captives, pure-play, or hybrids, depending on how services are delivered. At the same time, the classification includes Integrated providers (having both BPO and KPO solutions), Professional knowledge taskers (limited to a specific niche or industry), or Knowledge Builders.

Voice-based BPOs (call centers) offer value-added services to clients and rely on a limited pool of highly talented, educated personnel. KPO relies on a more limited pool of highly skilled, educated employees and focuses on delivering value-added services to clients (Baldia, 2010). KPO is outsourcing knowledge-intensive business processes, which needed a specialization. The strength of KPO is not the cost-saving but the added value. It provides a sustainable competitive advantage for customers in all knowledge-intensive industries (Mireau, 2007).

Furthermore, Tullao et al. (2019) explained that back office or Knowledge Process Outsourcing (KPO) provides services related to finance, accounting, and human resource administration. Knowledge Process Outsourcing (KPO) involves delegating knowledge-intensive business processes. This process requires a third-service provider's significant domain expertise, analytic skills, and judgments and decision-making capabilities.

Factors Affecting the Growth of the Knowledge Process Outsourcing Sector in the Philippines

Regulatory Factor-All developments that the IT-BPO industry will facilitate anchor on how the government act to enhance the sector. Without adequate and sufficient government policies, the industry will be inefficient (Tullao et al., 2012). The Department of Information and Communications Technology (DICT) and the Department of Trade and Industry (DTI) ensure the facilitation and implementation of policies that boost BPO firms. Through the creation of DICT, the government continues to maintain strong collaboration with BPOs/KPOs. According to the work of Herguner (2013), the Philippine government is quite supportive. However, the law enforcement is still a problem.

Human Resources – In the ideas of Herguner (2013), for a successful transition from a voice-based BPO sector to a stronger ITO and KTO for continuous growth, the Philippines should solve its two main problems (i.e., human resources and capital). It is essential to know what, where, and how to outsource. It should be the subject of internal and external analysis. Conducting training sessions with outsourcing experts who deeply understand the industry and know how to create and manage outsourcing relationships is a must. The organization encourages the collaboration and growth of its community by providing sufficient training programs and career planning. Education and training at the company highlight the significance of acquiring the requirements, the needs, and assumptions of the customer and other interested parties.

Technology – As mentioned by Mireau (2007), technology helps to improve the flow of information and management's control. Tools such as knowledge- and project management helps companies improve their outsourcing ROI in three ways: a) They avoid duplication of services and billing errors. b) They increase the quality of outsourcing processes. c) They reduce the management costs that tend to grow exponentially as the amount of outsourcing activities increases. Using technology to link the company's internal and external people and processes will enable companies to build and manage strategic outsourcing partnerships much more efficiently.

In relation, Tullao et al. (2019) stated that modern telecommunications and information technology are vital to the industry's development and the Philippine economy's growth and efficiency. Different cable and satellite technologies help businesses perform their daily operations. New technological advances, like cloud computing and automation, transform industries such as the BPO sector. Companies engaged in offshoring non-core businesses will increasingly recognize a country's ability to adapt to new technology and innovation beyond any cost advantages from low wages (Deloitte, 2014).

Innovation- Mireau (2007) asserted that it is no longer enough to provide clients with a better, faster, and less expensive solution for something they are currently doing. Providers wishing to persuade customers to switch from project-oriented to process-oriented outsourcing must collaborate to create and deploy innovative solutions well ahead of their customer's demands. Suppose KPO providers are to continue to out-innovate and out-perform their clients. In that case, they must establish deep subject expertise and know-how and invest in R&D like any other sector. One of the most challenging components of the outsourcing process is defining needs in clear, complete, and measurable language and technical and management knowledge within the organization. Opportunities for improvement by the client enhance the growth of the BPO firms.

Methodology

Design

The study implored the use of Descriptive Cross-Sectional Studies. According to Ihudiebube-Splendor and Chikeme (2020), Descriptive cross-sectional studies generate data for describing the status of phenomena or relationships among phenomena at a fixed point in time.

The descriptive cross-sectional study analyzes the factors affecting the KPO industries and the practices in the Philippines Settings.

The statistics helped to understand the general information of the respondent's answers. This study enhanced a systematic description that is accurate, valid, and reliable as possible regarding the influence of factors in the KPO industry and the KPO practices associated with it. Thus, the study design was instrumental in gathering quantitative data for analysis.

Respondents

The study used the purposive sampling technique to gather respondents for the study. Purposive sampling is a nonprobability sampling technique. The main aim of a purposive sample is to obtain a sample that can be reasonably assumed to be representative of a population. (Lavrakas, 2008).

Criteria for the Firm/KPO Company

1. Determine the population: The Total Number of KPO Firms in Subic Bay Freeport Zone is eight (8) BPOs with KPO Functions; and
2. At least six (6) out of Eight (8) Firms approved the conduct of the study

Criteria for Selecting the Respondents

1. Manager or Team Leader/Supervisor; and
2. Handling KPO Services for the company**.**

Table 1. Distribution of the Respondents

KPO Firm	Frequency	Percentage
Bs Firm	5	5
Dn Firm	15	15
Ex Firm	20	20
Exl Firm	15	15
I Firm	25	25
Z Firm	20	20
Total	**100**	**100**

Instrument

The study used a self-administered questionnaire incorporating closed-ended questions to collect primary data. A usual form is an assurance with which the person may agree or disagree to a diversed degrees. This closed-ended questionnaire is answerable by a scale. A scale is an arrangement of objects, people, or places according to their magnitude in a particular order. It also distinguishes this ordered arrangement in units of equal intervals. Zikmund et al. (2009) also indicate that the interval scale has both nominal and ordinal properties but captures information about differences in quantities of a concept. An interval scale does not have a true zero: 1 – strongly disagree, 2 – disagree, 3 – neutral, 4 – agree, 5 – strongly agree.

Thus, the instrument used the 5-point Likert scale with the corresponding descriptive ratings.

Validation of Instrument

The questionnaire underwent pilot testing with a total of six (6) validators; three (3) business development practitioners and three (3) economics and strategic management professors. In this study reliability test was carried out by pilot test and computing Cronbach's Alpha. The researchers used the feedback from the pilot study to refine the questionnaire to make it reliable during the study. The questionnaire also underwent a Cronbach's alpha to test its reliability. Reliability refers to the constancy of the measure of concept (Tavakol & Dennick, 2011). As a rule of thumb, the Cronbach values of the items included in the study should not be lower than 0.7.

Statistical Treatment of Data

Before processing the responses, the researchers checked for the completeness and consistency of the completed questionnaires. For the data analyses, the study used a statistical software (Statistical Package for Social Sciences 22.0.) The analyses also utilized

measures of central tendency (mean) and inferential statistics (correlation and regression analysis) for the conclusions on the relationship between KPO practices and the factors affecting them. Pearson correlation coefficient analysis and Regression Analysis measure the linear relationship between two variables.

Result and Discussion

The succeeding tables below present the results of mean computations for the KPO practices and the different factors affecting its implementation.

Table 2. Contractual Governance

Contractual Governance	WM	DR
CG1	4.21	S
CG2	3.74	S
CG2	3.42	F
CG4	4.08	S
CG5	3.29	N
Overall WM	**3.75**	**S**

Legend: 5.00-4.20= Frequently (F); 4.19-3.40= Sometimes(S); 3.39-2.60= Neutral (N); 2.59-1.80= Rarely (R); 1.79-1.00= Never (NV)

Table 2 shows that the overall computed mean for Contractual Governance is 3.75. The result has an interpretation of "sometimes." In addition, the item with the highest mean for Contractual Governance is item 1 with 4.21. This result got an interpretation of "sometimes." But the item with the least mean is item 5 with 3.29. This result corresponds to an interpretation of "neutral." According to Lacity and Wilcocks (2012), contractual governance is the formal, written rules that govern the client-provider relationship. It is critical to develop contracts for a successful outsourcing operation so that the supplier behaves in the client's best interests. Vendor activities, such as capacity decisions, are influenced by contract terms. A key risk factor has been identified as a lack of adequate contract management, resulting in higher service costs and an inability to reach cost-cutting objectives (Rantakari, 2010). The outsourcing company's contract and relationship with the service provider are constantly linked. Contract management is a continuous activity throughout the outsourced lifespan; it does not just occur at the start of the partnership but is a critical success element for outsourcing management (Rantakari,2010). In addition, most business process outsourcing failures exist due to a lack of proper contract management and communication.

Table 3. Provider Capability

Provider Capability	WM	DR
PC6	4.00	S
PC7	4.37	F
PC8	4.06	S
PC9	4.38	F
PC10	4.33	F
Overall WM	**4.21**	**F**

Legend: 5.00-4.20= Frequently (F); 4.19-3.40= Sometimes(S); 3.39-2.60= Neutral (N); 2.59-1.80= Rarely (R); 1.79-1.00= Never (NV)

Table 3 presents the overall computed mean for Provider Capability which is 4.21 which corresponds to a descriptive interpretation of "frequently." Furthermore, the item with the highest mean for Provider Capability is item 9 with 4.38. This result

corresponds to a descriptive interpretation of "frequently." On the other hand, item six got the lowest mean with 4.00 and interpreted as "sometimes." According to Lacity and Wilcocks (2012), provider capability is the 'ability to identify, acquire, develop, and install human resources to accomplish both provider's and client's organizational objectives.

Table 4. Client Retained Capability

Client Retained Capability	WM	DR
CRC11	3.98	S
CRC12	4.31	F
CRC13	4.26	S
CRC14	3.90	F
CRC15	3.73	F
Overall WM	**4.04**	**S**

Legend: 5.00-4.20= Frequently (F); 4.19-3.40= Sometimes(S); 3.39-2.60= Neutral (N); 2.59-1.80= Rarely (R); 1.79-1.00= Never (NV)

Table 4 reveals the overall computed mean for Client Retained Capability which is 4.04 with a descriptive interpretation of “sometimes” in the Likert scale. In particular, item 12 generated the highest mean for Client Retained Capability with 4.04, which translates to "sometimes." However, item 15 garnered the lowest mean score of 3.73. It has a corresponding interpretation of "frequently" in the scale. Business Process Outsourcing (BPO) Company's ability to retain and manage clients by shifting their capabilities from managing resources and processes to managing inputs and outputs. This is a great mechanism to attain client satisfaction.

Table 5. Regulatory Factor

Regulatory Factor	WM	DR
RF16	4.44	VGE
RF17	3.91	GE
RF18	4.24	GE
RF19	3.96	GE
RF20	3.72	GE
Overall WM	**4.05**	**GE**

Legend: 5.00-4.20= Very Great Extent (VGE); 4.19-3.40= Great Extent (GE); 3.39-2.60= Neutral (N); 2.59-1.80= Little Extent (LE); 1.79-1.00= Very Little Extent (VLE)

Table 5 displays the overall computed mean for the Regulatory Factor is 4.05 with a descriptive interpretation of "great extent." Moreover, the item with the highest mean for Regulatory Factor is item 16 with 4.44, which corresponds to an interpretation of "very great extent." However, the item with the lowest mean is item 20 with 3.72 and interpreted as "great extent." All developments that the IT-BPO industry facilitate connect on how the government will act to improve the sector. Without adequate and sufficient government policies, the industry will be inefficient (Tullao et al., 2012).

Table 6. Human Resource Factor

Human Resource Factor	WM	DR
HRF21	3.82	VGE
HRF22	4.23	GE
HRF23	3.55	GE

Human Resource Factor	WM	DR
HRF24	4.15	GE
HRF25	3.92	GE
Overall WM	**3.93**	**GE**

Legend: 5.00-4.20= Very Great Extent (VGE); 4.19-3.40= Great Extent (GE); 3.39-2.60= Neutral (N); 2.59-1.80= Little Extent (LE); 1.79-1.00= Very Little Extent (VLE)

Table 6 illustrated the result of the overall computed mean for the Human Resource Factor which is 3.93 and has a descriptive interpretation of "great extent." In connection further, item 22 produced the highest mean for Human Resource Factor which is 4.23. This result has an interpretation of "great extent" as well. Then, the item with the lowest mean is item 23 with a score of 3.55. This result has a corresponding interpretation of "great extent" also. Accordingly, it should be the subject of internal and external analysis. The organization encourages the inclusion and growth of its people by coming up with training programs and career planning. Education and training at the company emphasize the importance of meeting requirements and the needs and expectations of the customer and other interested parties (Herguner, 2013)

Table7. Technology Factor

Technology Factor	WM	DR
TF26	3.91	GE
TF27	4.31	VGE
TF28	3.74	GE
TF29	4.00	GE
TF30	3.85	GE
Overall WM	**3.96**	**GE**

Legend: 5.00-4.20= Very Great Extent (VGE); 4.19-3.40= Great Extent (GE); 3.39-2.60= Neutral (N); 2.59-1.80= Little Extent (LE); 1.79-1.00= Very Little Extent (VLE)

Table 7 presents the result of the overall computed mean for the Technology Factor. Based on the table, the study obtained a mean of 3.96 which has an interpretation of "great extent." To be more particular, the item with the highest mean for Technology Factor is item 27 with 4.31, which equates to an interpretation of "very great extent." On the other hand, item 28 generated the lowest mean with a score of 3.74 and interpreted as "great extent" as well. According to (Mireau, 2007), technology helps to improve the flow of information and management's control. Tools such as knowledge- and project management helps companies improve their outsourcing ROI Using technology to link the company's internal and external people and processes will enable companies to build and manage strategic outsourcing partnerships much more efficiently.

Table 8. Innovation Factor

Innovation Factor	WM	DR
IF31	4.26	VGE
IF32	3.96	GE
IF33	3.72	GE
IF34	3.83	GE
IF35	4.40	VGE
Overall WM	**4.03**	**GE**

Legend: 5.00-4.20= Very Great Extent (VGE); 4.19-3.40= Great Extent (GE); 3.39-2.60= Neutral (N); 2.59-1.80= Little Extent (LE); 1.79-1.00= Very Little Extent (VLE)

Table 8 presents the overall computed mean for the Innovation Factor with a score of 4.03 which corresponds to a "great extent" in the Likert scale. Specifically, the item with the highest mean for Innovation Factor is item 35 with a score of 4.40. The study interpreted this result to a "very great extent." However, item 33 gathered the lowest mean with a score of 3.72, which corresponds to an interpretation of "great extent." According to Mireau (2007), it is no longer enough to provide clients with a better, faster, and less expensive solution for something they are currently doing. Suppose providers wish to persuade customers to switch from project-oriented to process-oriented outsourcing. In that case, they must collaborate to create and deploy innovative solutions well ahead of their customer's demands.

Table 9. Correlation Matrix between the KPO Practices and Factors affecting KPO Industries

	RF	HRF	TF	IF
Contractual Governance	- .119	**.242***	**- .380***	- .066
	.237	**.015**	**.000**	.512
Provider Capability	.065	**- .278***	.069	- .009
	.521	**.005**	.493	.926
Client Retained Capability	**- .252***	**- .535***	.189	**- .317***
	.012	**.000**	.060	**.001**
Overall KPO Practices	**- .197***	**-.211***	- .166	**- .222***
	.050	**.035**	.098	**.026**

Note: * $p < .05$

Legend: RF– Regulatory Factor
HRF– Human Resource Factor
TF– Technological Factor
IF– Innovation Factor

Table 9 presents the correlation matrix between the KPO practices and the factors affecting KPO industries. As observed, there were generally significant relationships between the practices and factors affecting KPO. The regulatory factors yielded a weak negative correlation for the client retained capability (r= -.353) and the general KPO practices' mean (r= -.197). On the other hand, the human resource factor also revealed a weak to moderate association among contractual governance, provider capability, client retention, and overall KPO practices. The table shows the following Pearson-r coefficients, .242 for the contractual governance; -.278 for the provider capability; - .535 for the client retained capability, and -.211 for the general KPO practices. Regarding technological factors, only contractual governance provided a weak negative correlation with r= .380. Lastly, for the innovation factor, the client retained, and the general KPO practices produced a weak negative association with the following coefficients -.317 and -.222, respectively. All the mentioned Pearson-r results are significant at the .05 Alpha significance level.

Table 10. Regression Analysis between the KPO Practices and Factors Affecting KPO Industries

Model	B	Std. Error	Beta	*t*	Sig.
Constant	5.745	1.135		5.060	.000
RF	-.115	.172	-.072	-.670	.504
HRF	.331	.170	.198	1.948	.054
TF*	-.550	.171	-.327	-3.22	.002
IF	-.161	.151	-.105	-1.06	.290

Note: $F(5,95) = 5.493$; $p = .001$; $R^2 = .188$
Legend: RF– Regulatory Factor
HRF– Human Resource Factor
TF– Technological Factor
IF– Innovation Factor

Table 10 indicates the linear regression result between the KPO practices and the factors affecting KPO industries. There was substantial evidence that the technological factor is a significant predictor of KPO practices in the industry.

A closer look at the model's B coefficients revealed a result with a corresponding *t*-value lower than the Alpha significance level of .05. This only means that technological factor predicts KPO practices among industries.

According to Tullao et al. (2021), modern telecommunications and information technology are essential not only to the growth of the industry but to the progress and efficiency of the Philippine economy. As new technological advances, companies engaged in offshoring non-core businesses will increasingly recognize a country's ability to adapt to new technology and innovation beyond any cost advantages from low wages (Deloitte, 2014).

According to Li and Meissner (2008), technology provides the execution platform for benefits such as accelerating the adoption of best practices, interfaces, and new upgrades and ensuring a consistent level of quality during maintenance tasks. Both the purchasers and the service providers benefit from the underlying technology. As a result of this value, firms seeking BPO are constantly looking for ways to capitalize on the advantages by utilizing technology. Providers cannot drive any standardization strategy without a standard technology. This uniform platform empowers his standardization operations while allowing for "personalization."

The other factors in the study also contributed to the study, however, not significantly. This result means that the regulatory, human resource, and innovation factors also account for the KPO practices of the industries.

Conclusion

From the results mentioned above of the study, the researchers concluded that:

1. Respondents perceived the contractual governance and client-retained capability practices as "sometimes" in the knowledge process outsourcing. However, respondents observed provider capability practice "frequently."
2. Regarding factors, regulatory, human resource, technology, and innovation generated a response of "great extent" among the respondents.
3. Inferential statistics showed moderate indirect associations between contractual governance, human resource, and technological factors; provider capability and human resource factor; client retained capability, regulatory, human resource, and innovation factors.
4. Regression analysis showed that technological factors significantly predict knowledge process outsourcing practices.

Implications

From the results and conclusions of the study, the researchers believed that knowledge process outsourcing has a significant contribution to the country's economy. Its potential for the future is immense. Although the pandemic struck the economy, the KPO industries were resilient and steadfast. The study found that the technological factor is a primary factor affecting KPO practices. It is not that remarkable since we are already in the digital world, and everything uses technology. Therefore, BPO industries in the country need to keep abreast with the latest innovations and technological advancements to be at par with other countries in the global aspects of KPO.

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