

A Descriptive Analysis of the BPO Industry with Reference to India

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Abstract

The present study focused on the Business Process Outsourcing (BPO) industry in India. The BPO is a service industry. It is contributing to a great extent to the Indian economy, as per the Indian Brand and Equity Foundation. The major research question is how and why the BPO industry has emerged in India, a developing country. A descriptive research analysis has been conducted in this research paper. It is found that the Indian workforce is laborious, efficient, and proficient in speaking English to manage businesses around the world. So it is easier to attract the BPO industry to India. It is also observed that the workforce in India is available at a cheaper cost in comparison to other developed countries in the world. So it provides cost advantages to those companies who want to outsource them. The other reason may be the liberalisation of government policies in India for investment by companies around the world.

Keywords: BPO Industry, Developing Country, Liberalisation, Government Policies

Introduction

In India, the fastest growing segment of the Information Technology Enabled Services industry is business process outsourcing (BPO). Growth in the Indian BPO market is driven by various factors, including economies of scale, risk mitigation, cost benefits, better utilisation, and increased expertise. Business process outsourcing in India, which began in the mid-1990s, has grown dramatically since then. BPO companies view India, as well as Australia, China, the Philippines, and Ireland as potential markets for their services. A BPO is a process

where a company shares some of its business functions (responsibilities) with a third-party organisation, because they are fully capable of doing this work and they are fully able to do this work. There are those who cannot handle the companies by themselves or do not want to do it. In the back-office, BPO executives perform a wide range of duties, including customer service, billing and purchasing, and more. The concept of a BPO company was first started by Ross Perot, when he founded Electronic Data Systems (EDS) in 1962. EDS used to say to its prospective clients, “You may be familiar with product designing, manufacturing, and selling, but we are well acquainted with the management of information technology”. Generally, two types of services are provided by the BPO industry, i.e. front-office customer services such as tech support and back-office customer services like billing and collection support. The primary task of a BPO executive is to handle the calls of customers or clients and answer their questions properly. Executives should have a willingness to learn new things as per the needs. If there is ever any kind of issue, they should talk to their supervisor or team leader and find a solution to that problem. The executives always provide a complete resolution to the customers’ or clients’ requests so that they are satisfied. They should have an understanding of basic services as well as other professional services, such as business research, legal services, and financial analysis. They should have the ability to accomplish targets efficiently for better service.

Literature Review

According to IBEF (2021), India is the leading sourcing destination across the world, accounting for approximately 55% of the market share of the USD185-190 billion global services sourcing business in FY18. India acquired

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a share of around 38% in the overall BPM sourcing market. Market size of business process outsourcing was USD38 billion in FY20. It is a target of the BPM industry to reach USD54 billion market size by FY25. About 87% of the revenue comes from the export market. BPM had a 19.79% share of the IT and BPM market revenue in India in FY20.

Sengupta and Dev (2013) highlighted that employers in BPO may use the data to better understand the value of staff retention initiatives and the advantages they bring to their organisations. The findings of this research will be useful to the industry's ongoing drive for development, progress, and financial success. The authors established four important retention dimensions. Employee retention is influenced by a combination of four job-related aspects and five human characteristics: intrinsic motivation, employee engagement, age, and education. Additionally, it was shown that BPO employees had a different perspective on the relevance of job-related retention aspects.

Malik and Blumenfeld (2012) studied Lean Six Sigma and observed that quality management capabilities of a company may have a significant influence on a company's organisational learning capability (OLC), especially in the BPO environment of a developing nation. According to the findings, Lean Six Sigma and quality management competencies play a significant and under-appreciated role in the creation of OLCs.

The study by Panda (2012) focused on India's outsourcing business. As a result, academics and industry practitioners are stimulated into making scientific judgments and pursuing studies on this specific component of business. Traditional sectors need to be developed, but the research determined that this developing sector also needs to be protected because of its social and economic contributions to the community, as well as its enormous job-creation potentials for the bright. "Brain drain" has been outlawed in much of the country.

Niranjan, Saxena and Bhardwaj (2012) attempted to fill a need in the BPO literature by focusing on the vendor side of the industry. Research in this constantly expanding field is given a starting point through the use of taxonomy. Taxonomy aids business process outsourcing (BPO) professionals in comprehending the varied aspects of

processes and the resulting control concerns. It also aids analysts in making more accurate BPO industry generalisations.

What is the Need for BPO?

Business process outsourcing has become very popular nowadays and is being widely accepted by the companies of the corporate world. The need for BPO is as follows:

Leads to Cost Reduction

BPO can significantly help companies to control their financial integrity and reduce costs for the future. Some non-core business functions are complex and cost-consuming. Outsourcing enables businesses to perform such tasks at a consistent and reasonable cost.

More Emphasis on Core Processes

By delegating non-core business processes to an outside provider, businesses can focus on their core competencies. In addition, outsourcing helps businesses avoid investing in facilities and equipment to support their respective business operations. Therefore, businesses can perform efficiently, without compromising on the quality of non-core processes.

Improves Business Productivity

Business process outsourcing is the companies' primary focus as they provide expertise in non-core business functions. They invest in these activities to achieve high efficiency, expertise, and performance in these activities. All of this, in turn, benefits your business through better services and productivity.

Enables Better Resource Allocation

If businesses do not decide to outsource non-core processes, they will have to invest and spend heavily on a number of related elements. Deciding to outsource business functions is a cost-saving decision, because you can reassign those resources to promote the core functions of the business.

Access to Updated and Latest Technical Resources

Business process outsourcing companies stay up-to-date on best business practices and innovations. This ensures that businesses stay updated in terms of technology and innovation, without incurring high costs. Hence, BPO provides them with state-of-the-art capabilities without the need to invest.

Types of BPO Jobs

- *Back-Office Outsourcing*

Back-office outsourcing is a type of BPO. This type of services mainly includes work in the bank side, such as customer support, call centres, data processing, finance, and other types of technical work.

- *Front-Office Outsourcing*

In front-office outsourcing services, you have to work mainly with the customers, like customer relation services, marketing and sales, and so on.

Types of BPO

- *Offshore Outsourcing*

Offshore outsourcing is a type of BPO. This outsourcing is done when your company hires a foreign company to fulfil the requirements of some work, like when an Indian company does its work outside the country.

For example, England and Australia outsource to countries like Japan.

- *Onshore Outsourcing*

In onshore outsourcing, the company gives its work to a company in its own country; the company in that country manages all the work.

For example, when an Indian company outsources its work to another Indian company, this type of outsourcing is called onshore outsourcing.

- *Nearshore Outsourcing*

In nearshore outsourcing, the company outsources all the work to its neighbouring country or to the nearest country.

Responsibilities of BPO Experts

- The primary task of a BPO executive is to handle the customers' or clients' calls and to answer their questions smoothly.
- Executives should have a desire to learn new things as needed.
- If ever any kind of issue arises, they should talk with their supervisor or team leader and arrive at a solution to that problem.
- Always provide complete resolution to the customers or clients so that they are satisfied.
- They should also have an understanding of basic services, as well as other professional services like business research, legal services, and financial analysis.
- Customers should always provide them with better solutions for queries.
- They should have the ability to fulfil their targets efficiently, so that they can provide better service.

Skills Required to Become a BPO Expert

Almost every business relies on BPOs to carry out this function, which means that they should be well-versed in verbal and written communication. To put it another way, candidates should pay greater attention to their ability to speak and write clearly. Other more detailed skills needed are listed below.

- Candidates should be good in oral and written communication.
- They should be an effective communicator, whenever they are talking with a consumer or client.
- They should have a basic knowledge of computers.
- They should have the ability to adapt to any environment and time.
- They should practise and always keep themselves motivated to learn new things.
- They should always be patient; and in any situation, they should have the ability to be strong.
- They should always stay updated with the market and follow the trends.

The Difference between BPO and a Call Centre

A business process outsourcing (BPO) organisation is one that is responsible for the performance of a process or part of a process of a business organisation. Here, outsourcing is done to reduce the cost and increase the profit. A call centre is defined as that which performs a part of the business of a client which is mainly handling telephone calls. For example, a call centre tries to resolve customer complaints via telephone. So we can consider a call centre as a BPO organisation. However, the reverse is not true. That is, a BPO organisation can never become a call centre.

The Top 10 BPO Companies in India (According to Outsource Accelerator)

1. Genpact
2. Accenture Services Private Limited
3. Tata Consultancy Services (TCS)
4. Infosys BPM
5. IBM
6. Wipro
7. Firstsource Solutions
8. Serco Global Services
9. Teleperformance
10. WNS Global

The Emergence of BPO in India

The BPO industry has grown tremendously because of the low cost of labour and the abundance of English-speaking experts in India. According to a survey by NASSCOM, the BPO industry in India has been popularised by quality-oriented BPO firms, 24*7 services, India's geographic location, and an investor-friendly tax structure. Various reasons why the BPO industry has grown in India are as follows:

- The speed and efficiency of experts in India has improved the growth of the BPO industry to a great extent.

- Efficiency saves time, so the employees can spend more time on enhancing core business strategies, which later gives them a competitive advantage. Through this, they can also increase their value chain engagement.
- Organisational growth leads to growth as it avoids generating problematic investment returns when capital resource and asset expenditures are not required.
- BPO companies do not need to devote time to their unrelated business strategy assets; they can devote all their focus on developing the core strategies of the client.
- It generates low operating costs and improved automation for the clients in the market.
- Smarter analytics can be made about consumers and products.

The BPO industry in India offers many services, such as accounting and bookkeeping services, 24*7 customer support services, IT related services, technical support, data processing and entry, telemarketing, conversion of data services, online research, processing of forms, and so on.

Concluding Remarks

Due to competition from nations like the Philippines, Malaysia, Mexico, and Canada, India's BPO market has recently seen regulatory guidelines for the BPO business loosen. In the foreseeable future, growth will be driven by the country's strength in offering knowledge-based and vertically specific services, particularly in the healthcare, life sciences, financial research and analysis, legal processing, risk management, and digital marketing sectors. In some cases, if the company is not able to retain their skilled or experienced employees, it may increase the cost of the company as it has to hire new employees. Some studies lend credence to this view (Gupta, 2013; Williams, 2004; Chandrasekar, 2011; Getzlaf, Sedlacek, Kearney & Blackwell, 1984). It is worth mentioning here that the BPO industry increases the level of FDI and inflow of foreign currency, which positively affect the country's GDP. Hence, it can be observed that the BPO industry has

been a great contributor to the GDP and economy in India after 1991.

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