

**RELEVANCE OF BUSINESS PROCESS
OUTSOURCES (B.P.O.) IN VARIOUS SECTORS:
WITH SPECIAL REFERENCES TO HUMAN RESOURCE AND I.T.**

Dr. Jitendra Kumar*
Mrs. Archana Singh**

ABSTRACT

With the rapid growth of the BPO-IT Sector, India has been witnessing a growing need for human resources since more than a decade. Initially, the emphasis was on young Engineers, particularly with specialization in Software technology, Electronics and related subjects. India has been known for its tradition of laying stress on education since generations. The history of the development of the Silicon Valley in the US, where a major chunk of the scientists are Indians, bears testimony to this. Indian Engineers and scientists are seen holding enviable positions in some of the premier Educational Institutes and leading Companies of the world. However, the experience with the IT Sector has been that the supply of manpower could not meet the growing demand for employment completely for various reasons. The qualifications needed for employment in the BPO Sector differ from those of the IT Sector as a whole. In case of the BPO Sector, technical knowledge maybe required, but more often there is a demand for certain basic skill sets. These include listening and language skills, basic computer skills, analytical skills, people skills and various domain specific skills.

Human resource or Manpower is the strength of any Service Sector activity. Economic theory has postulated since long that as an economy progresses, the share of the Service sector rises significantly. BPO Sector has shown a significant growth in terms of revenue as well as employment since the 90's. It is now common knowledge that the continuously rising graph of BPO growth and revenue in India owes itself largely to the available pool of talent suitable in this Sector. People experienced to handle the strategic managerial challenges and decisions in a globally evolving Sector are not readily available. Thus it is the availability of large talent or a favorable supply of human resources in a country that tips the balance in its favour as an attractive outsourcing destination.

Keywords: *BPO Initiatives with Levels, Proactive Measures, Human Resource and Skill Availability, Reasons of Attraction Towards BPO, Relevance of Training in BPO.*

Introduction

'People are the real wealth of Nation. Human resource is thought as the sum of 'the total knowledge, skills, creative abilities, talent and aptitude of an Organizations' workforce, as well as the value, attitude and beliefs of the individuals involved'. Human resource or Manpower is the strength of any Service Sector activity. Economic theory has postulated since long that as an economy progresses, the share of the Service sector rises significantly. This is also proved by the historical trends seen in the case of the Developed economies of the world. The same experience is observed with economies which are still on the path of development. India, which is moving ahead in this race, trying to overcome several hurdles, is a labor surplus country. With the existence of unemployment in various forms, it is natural to

* Faculty of Commerce and Management Studies, Maharishi Dayanand University; G.G.D.S.D. (P.G.& Research) Centre, Palwal, Haryana, India.

** Research Scholar.

welcome any economic activity that generates employment, particularly in large numbers. BPO Sector has shown a significant growth in terms of revenue as well as employment since the 90's. It is now common knowledge that the continuously rising graph of BPO growth and revenue in India owes itself largely to the available pool of talent suitable in this Sector. People experienced to handle the strategic managerial challenges and decisions in a globally evolving Sector are not readily available.. Thus it is the availability of large talent or a favorable supply of human resources in a country that tips the balance in its favour as an attractive outsourcing destination.

Research Methodology

Research design is the conceived plan and structure of investigation to obtain answers to the research questions. This research is organized in the following manner. Initial step is to analyze the status quo of BPO employees. Research Design Used: In this case, a descriptive research design study will be used to study the relationships in question. Descriptive research facilitates the study to obtain accurate and complete information regarding a concept or a situation or a practice. Therefore survey method will be followed for the study.

- **Data Collection:** Here, both primary and secondary data will be considered.
- **Primary Data** will be gathered using questionnaire as a tool for data collection.
- **Secondary Data** will be collected from books, journals, magazine, reports and websites. For this purpose the use of library and internet will be made.
- **Sampling Technique:** Random sampling method will be used for selection of respondents.
- **Sampling Population** (Place selected): The respondents will be selected from Mumbai. Therefore, the population of sample will be the BPO employees in Mumbai. Sample size: Total 200 respondents will be surveyed in Mumbai.
- **Data Analysis:** Data collected through "Structured Questionnaire" will be tabulated using Excel and SPSS software, interpretation of data will be based on tabulation and analysis. Statistical methods will be used for data analysis. Such as Mean, percentage, standard deviation, correlation etc. the hypothesis will be tested with the help of statistical technique, such as CHI-square test. The conclusion will be drawn on the basis of data analysis. A few suggestions will be made at the end for improvement in life style of BPO employees.

Hypothesis

The pertinent questions that arise are:

- Does the BPO Sector face a problem with regard to human resource?
- How does the BPO Sector meet its requirement of recruitment?
- What is the existing trend in number of candidates offering their services to the BPO Sector?
- Are these employees readily employable or do they need to be trained? If yes, what type of training is important in this Industry?

Of the above, the first and most relevant question is whether the BPO Sector faces any difficulty with regards to people .Several problems can be identified:

- One of the major problems is the shortfall caused due to Attrition. The BPO Sector is seen to face one of the highest attrition rates among most Industries in India. Attrition and its causes have already been discussed at length in the previous chapter but it needs a special mention that human resource shortage is accentuated by attrition
- The other reasons that senior executives from HR management are often heard talking about is the Tack of employability' of the youth. The Education system prevalent in India has been developed on the lines drawn by the Britishers more than a century ago. The methodology of teaching and the pedagogy are hardly designed to suit the requirements of a very new and modern day business such as the Outsourcing business. Infact, except for certain Business schools and a few Universities, the typical curriculum taught in schools and colleges does not even make a mention of a Sector such as the BPO or ITES Sector. As a result, the skill sets that are essential for this line of employment are most often, not found readily. It is due to this reason that 'training' becomes an important part of the effective use of manpower.
- Further, the vernacular influence in the curriculum usually makes a large section of the Graduates 'not employable' despite 'domain knowledge' particularly in verticals like BFSI. The

jargon used in the BPO Sector is MTI or the 'Mother tongue influence'. Infact one of the prime reasons for the development of the BPO 152 Sector mainly in cities like Mumbai or Bangalore is the availability of a large English speaking work force. However, it must be noted that in most of the horizontals and verticals, Organizations have to appoint internal or external trainers for improving communication skills even in Metros. While the larger Companies can afford internal Training teams, the smaller and medium size Companies have to hire professional trainers externally. This also poses a problem i.e, there is a dearth of good trainers as the better ones are prohibitive and can be afforded only by the larger Companies.

- The other factor that delimits the supply of manpower to the BPO Sector is the apprehension that these jobs are too stressful and are also low end jobs. This is particularly true among the youth from smaller cities. The fear of night shifts and the issue of security, particularly of women employees also act as a deterrent. Having understood the major reasons for the shortage of manpower, the next section deals with the rest of the questions raised above namely how Companies address their manpower needs, whether there is favorable trend in the HR recruitment practices and so on. These questions are dealt with by seeking answers based on the primary data collected

Human Resource: Proactive Measures

It is in the backdrop of earlier discussions that it is recommended that smaller cities could capitalize on the situation and run the extra mile to attract BPOs. At the same time, the larger cities need to retain their strong foothold in terms of an obviously superior supply of manpower. This is particularly beneficial in expansion of high end BPO Services or KPO work. Improvement in that direction may need a multi pronged effort that includes.

- Improving infrastructure -roads, power supply, telecom services etc
- Construction of International airports and improving services in domestic airports
- Increasing investments in the Hospitality Sector.
- Creating a pool of readily 'employable work force' to meet the demands of the market.
- Sound Governance If efforts are made towards infrastructure but the human resource aspect is ignored, the entire effort will be defeated.

Human Resources and Skills Availability

With the rapid growth of the BPO-ITES/IT Sector, India has been witnessing a growing need for human resources since more than a decade. Initially, the emphasis was on young Engineers, particularly with specialization in Software technology, Electronics and related subjects. India has been known for its tradition of laying stress on education since generations. The history of the development of the Silicon Valley in the US, where a major chunk of the scientists are Indians, bears testimony to this. Indian Engineers and scientists are seen holding enviable positions in some of the premier Educational Institutes and leading Companies of the world. However, the experience with the IT Sector has been that the supply of manpower could not meet the growing demand for employment completely for various reasons. The qualifications needed for employment in the BPO Sector differ from those of the IT Sector as a whole. In case of the BPO Sector, technical knowledge maybe required, but more often there is a demand for certain basic skill sets. These include listening and language skills , basic computer skills, analytical skills, people skills and various domain specific skills .Domain specific skills includes knowledge of subjects like accounting ,actuaries, biology, medicine, bio-chemistry, law and the like. In spite of having the largest youth population in the world, BPO Sector in India also has a similar experience as that of the IT Sector. Though most growing Sectors do generate plenty of employment opportunities, it is rather uncomfortable to observe that in reality the BPO Sector actually faces a human resource crunch in India. Human resource shortage can be defined in simple terms as 'a gap between the requirement of human resource and the availability of human resource.'

BPO Initiatives

The initiatives suggested are:

- **Education-Human Resource Related Initiatives**

The bonus of shaping the education system to keep in line with the other developments of the economy lies predominantly on the shoulders of the Ministry of Education. One of its primary responsibilities has been to create a supply of an educated work force that matches the demand for the same in the economy. There is no doubt that the Private sector does play a crucial role by supporting the

Government in trying to fulfill its responsibilities. However, the directives laid by the Ministry of Education and the Ministry of Human Resource Development (MHRD), substantially guide even the Private Sector's actions. It is rather disappointing to note here, that while the Government has in fact taken note of the changing needs of the market due to the development of the IT Sector since the 90s, it has not yet acknowledged the presence of the BPO Sector in much the same manner.

It is here that the present study stresses that a golden opportunity must not be missed in our oversight to act at the right time and in the right direction. While the matter is being debated by Policy makers of the country, the implementation at the scale that is warranted is still awaited. The time available to the stake holders is not indefinite. It is with a view to take steps ahead in this direction, that the present research offers a practical long term solution towards enhancing 'employability of young graduates' particularly focuses on non-technical courses such as Commerce, Science and Humanities. It is pertinent to note here that the BFSI Vertical is the Vertical where the most Outsourcing takes place, both among domestic markets and international markets. Further this trend is expected to continue in the future too.

Inclusion of Training as Part of Curriculum in Universities

Training may be offered at two levels:

Level 1

- **Skills Enhancement:** This should focus on providing training to improve certain basic skills and could include: i) Language, Communication and listening skills in English. Here the stress must be more on vocabulary rather than grammar.
- **Computer Skills:** Basic operating skills are essential for every student in today's world. In fact being 'computer literate' is as relevant as any other form of literacy. However as a large portion of the population cannot afford computers, there is a need for special thrust to boost computer literacy. The Government has supplied computers in good number to the Municipal Primary and Aided schools, yet a good number of high school pass outs lack even basic computer skills. Several roadblocks are noticed such as lack of good teachers, lack of repairing facilities and indifference of school Officials. Despite the strong follow up of a mammoth scheme such as the Sarva Shiksha Abhiyaan (SSA), a lot needs to be done. Along with Communication and Computer skills, it is necessary to impart the ability to become adept at 'multi tasking'. This is essential as several jobs demand the ability to carry on a phone call as also view the computer screen for some data or make notes simultaneously.
- **Soft Skills Training:** This covers two aspects, namely personal effectiveness and interpersonal skills. i) Personal effectiveness refers to inculcating personal qualities such as discipline, punctuality, etiquette, professionalism in behaviour and even personal hygiene. All these qualities are essential in grooming a person to be highly effective and efficient at the individual level. These qualities have practically no financial implications to develop but go a long way in building a large cultured work force down the line. ii) Interpersonal skills refer to something more than the individual himself /herself.

Training can be imparted to deal effectively with people at two levels. First one must learn how to interact positively with immediate colleagues at work as well as immediate seniors. Modules can be designed with examples of several real life situations and how sensitive matters can be dealt with within the purview of a corporate environment, This is just a beginning and students would learn as experience teaches them in actual day to day situations.

The other kind of training will need to familiarize students with is 'virtual interaction'. This is mainly required for students who may aspire to work in a Contact Centre. At the Entry level, a Customer Service representative (CSR) 179 deals with various clients over the phone, chat or e-mail. The clients may be situated in the US, Canada or any distant location. The ability to talk to a total stranger, address him/her politely, sound friendly and answer their query is likely to be totally new experience in itself. Similarly as one rises in the Organizational structure, there may be situations when one has to interact with colleagues whom they have never ever seen. Tele-conferencing/ video conferencing has become an integral part of the present day competitive corporate environment. While some of these skills can be picked up hands on, prior training is sure to make the task much simpler.

Level 2

- **Domain Knowledge**

This could include the following:

- Basic understanding of the role of the BPO-ITES Sector in the Indian Economy .This should include certain vital statistics such as its contribution to the GDP and employment generation etc.
- Detailed coverage of Verticals such as Banking and Insurance, Telecom, Hospitality, Airlines etc. Further Horizontal classification of processes that includes Customer Service, Human resource, Transaction processes etc must also be explained.

BPO Sector Visit

This can be followed by a power point presentation on any one BPO Company. The practical aspect of introducing Training in two parts is to make Level I compulsory for all students of Graduate courses and the Level II optional. The skills training in the first part of the course will help create a huge pool of graduates fully equipped with the basic skill sets to take on the challenges of any employment. In the Service Sector these skills are particularly advantageous as the role of 'human resource' is of primary importance vis-a-vis other factors of production. Here it is pertinent to note that such skills are highly desirable for employment in all the fast growing sectors such as the BFSI or Hospitality Sector and not just BPOs. As a matter of fact these skills become a basic requirement to lead a cultured existence in today's globally competitive world. Further, this will be a measure that has direct impact on 180 addressing the issue of a declining lead in the GSLI value of 2007, with respect to the 'people skills and availability' parameter mentioned earlier in this Chapter. Thus even in the event those students do not take up employment in the Service Sector, such training will not go waste as it goes a long way in helping personality development. According to psychologists, this is recognized as the 'G-factor' or the General Intelligence factor which is considered just as important as IQ in achieving success in the conventional sense of the term. The first part of the Training could be included in the curriculum of all nonprofessional Degree Courses in India. Whereas the second part may be optional and can be undertaken at an additional investment on funds and time of roughly three to six months. The advantage of such an additional training would be manifest in almost immediate employability in the BPO Sector or any other Service segment.

Train the Teacher -Trainer (T4)

Incorporate Training into the Curriculum in Universities will necessitate a large number of people with sufficient ability to impart such Training. This can be done by either engaging Professional Training schools to join hands with Universities or by Training University teachers to learn such skills. A University teacher would now be seen as a Teacher-Trainer and such Training maybe called T4. Some of the issues that likely to arise include:

- Restructuring of present curriculum in general courses.
- Selection of teachers /Lecturers to take up T4.
- Time allocation for T4
- Financial implications
- Ministerial matters etc undoubtedly this is likely to involve several Policy issues and the logistics of implementing this will have to be worked out at the appropriate levels.

So far, the BPO Sector has marked its presence mainly in the metro cities of India.

Findings

Certain observations have been made. These are listed below:

- The less successful Sourcing Companies focus mainly on building capacity and flexibility in delivery of service. Whereas the more successful ones improve organizational capabilities, service levels, building capacity and flexibility
- The more successful Outsourcing Companies build a global delivery model rather than just off shoring. This means that rather than focusing on just one destination to open their Captive Centre or find a Third party Service provider, they select a combination of destinations. This decision is taken after filtering Companies and countries for risk tolerance, scale availability,

availability of key skills and profiles. It is then that functions are outsourced across the globe to various destinations. A.T.Keamey recommends the development of a 'cluster footprint' by opting for several destinations. Here it becomes relevant to relate India's position in the GSLI vis-a-vis other locations. As mentioned earlier, although the main threat to India is from China, almost all other important Asian countries are potential competitors to India in the global Outsourcing business. All six major ASEAN markets i.e. Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam now rank among the top 20 destinations for outsourcing. Also, there are other markets for outsourcing in Latin America, Eastern Europe, Baltic States and even the Middle East which compete for the outsourcing pie. However, India needs to particularly take note of the fact that in the long term, it is not just cost but efficiency in delivery that makes all the difference. This in turn depends entirely on the skill sets that the work force of any destination possesses. Infact the real cutting edge of any destination depends substantially on the quality of its human resource.

- The destinations that are chosen as part of a global footprint slowly reap economies of scale and thus only the most competitive ones may stay in the long run. This could ultimately lead to what may be referred to as an 'Optimal global footprint'. The Companies that stay in business are likely to be only those that have a firm foothold and could withstand even a decade of cost or wage increase. 146 It is in the light of these observations made above, that it may be safely stressed that India has a huge potential in optimizing one of its major strengths, namely human resource. Infact 'human resource' per se, should never be a problem ideally in a labor abundant country like India. According to the Ministry of Human Resource Development, Government of India, on an average, roughly 3.1 million graduates are added every year to the workforce.³ However, the problem is not that of numbers, but that of 'employability'. In the context of the BPO Sector, the spotlight should be not just on 'generation of the workforce' but on generation of a large 'employable workforce'

Reasons for Attraction towards Outsourcing

Some of the factors that are responsible for drawing a large number of young graduates or high school pass outs towards jobs in the BPO Sector are:

- Attractive salary package
- A spacious, air conditioned Office
- A Cafeteria for which food coupons are given / subsidized food is served
- A Room for relaxing/meditating/ exercising
- A Gym that can be used freely anytime other than shift hours
- Pick up and drop facilities
- Parties and outings regularly
- A friendly work atmosphere
- A young Office crowd

Relevance of Training in BPO

Unlike in most other Sectors, employees who join the BPO Sector do not come equipped to know the nuances or even basics of BPO operations. This is because, none of the existing academics courses that are taught in India relate directly to this Sector. As a result, Training has become an integral part of the BPO Sector. This differs from Company to Company and also according to the Verticals concerned or the processes. Given this fact, an attempt has been made to identify which are the types of training that are essential and commonly required in this Sector. As a corollary, in this study, based on the most common practices in this Sector, Training has been broadly classified into three types. These are:

- **Induction (Type 1):** Induction training is meant to introduce the employee to the Organization and is usually quite brief, lasting for just a couple of days. It is common to employees of all processes or horizontal.
- **Process Training (Type 2):** Process training differs according to the Vertical, Organization, client country and many other factors. It can hence be brief or lengthy depending on the Organization. For eg. Healthcare processes are different from Airlines process. In a Healthcare BPO, graduates with Science background are preferred. However during a high demand phase, even candidates from non-Science streams are appointed. Among Healthcare, in case of a Medical Transcription Company, the employees are familiarized first with basic human anatomy,

then with basic medicine, basic pharmacology and other generic terms used in this Sector. This training is very different from the one given in case of the Aviation Sector. In the latter case, new recruits are familiarized with flight routes, ticketing and other requirements of this Sector. Hence this training is customized.

- **Skills Training (Type 3):** Skills training includes training in communication skills, soft skills, leadership skills, management skills and so on. Here again the duration depends on the type of activity or process. At times, Training can also include language training, accent training, personality development, stress management, time management, team building and the like.

Problems in BPO Adoption

These negatives of the BPO Sector are repeatedly highlighted by the press and other media.

Some of these are:

- Heavy stress due to stringent deliverables
- Extended working hours
- Extensive travel which may lead to frequent jet lag
- Constant fear of competition
- Global downtrend leading to pressures on cost cutting
- Poor work-life balance causing risk to health Nevertheless the attraction at the entry and first level is quite evident.

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