INTRODUCTION

In the contemporary global bazaar, outsourcing is becoming increasingly popular as a way to increase output cheaply and competently. *Global sourcing is seen as necessary to be competitive or even survive and small midsize companies are now involved* (Gartner, 2004). In this fast-paced era of technology and globalization, more and more complexities are encountered by the business sector of the global society. Demands continue to increase and competition becomes more of a rat race. Business tasks are getting complicated and intensified as technological advances require companies to handle multiple responsibilities. However, they found an essential way of dealing with the convolutions brought by modernization. For years, lots of companies of varied fields have accepted the concept of outsourcing. Fundamentally, outsourcing is a strategic method of handling responsibilities without completely depending on the original company's resources.

1.1 BUSINESS PROCESS OUTSOURCING - MEANING

The best way to understand outsourcing is to learn and comprehend its meaning. According to Wikipedia, it was often defined as *the delegation of non-core operations or jobs from internal production within a business to an external entity (such as a subcontractor) that specializes in that operation*. Outsourcing and
offshore outsourcing have been interchangeably used, but according to Wikipedia, “outsourcing,” in corporate context, represents an organizational practice that involves the transfer of an organizational function to a third party. When this third party is located in another country, the term “offshore outsourcing” makes more sense. It was also defined by WhatIs.com as an arrangement in which one company provides services for another company that could also be or usually have been provided in-house.

Outsourcing, in a simpler explanation, is the act of letting another company do activities that your company cannot manage to prioritize. Basically, the company that will do the outsourcing job has more knowledge in handling it. According to Wikipedia, modern business theories suggest that most activities that are not part of a company's core competency should be outsourced.

(Ghosh and Scott, 2005): ‘One of the most familiar forms of outsourcing is business process outsourcing (BPO), i.e., transferring the operational ownership of one or more of the firm’s business processes to an external supplier that, in turn, administers the processes according to some predefined metrics’.

Business Process Outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific business functions (or processes) to a third-party service provider. Originally, this was associated with manufacturing firms, such as Coca Cola that outsourced large segments of
its supply chain. Over the years, the meaning of the term ‘outsourcing’ has undergone a sea-change. What started off as the shifting of manufacturing goods to countries providing cheap labor during the Industrial Revolution, has taken on a new connotation in today’s scenario. In the contemporary context, it is primarily used to refer to the outsourcing of services. Recently, companies have adopted a business strategy of outsourcing entire business activities, such as technology operations, customer relationship, logistics, finance, document processing, etc. According to Gartner definition, Business Process Outsourcing is the delegation of one or more IT-intensive business processes to external provider that in turn owns, administers and manages the selected process based on defined and measurable performance criteria.

1.2 BPO BUSINESS MODELS

Different models have been used for conducting business in BPO. Back Office Outsourcing includes internal business functions such as human resources or finance and accounting. A back office is a part of most corporations where tasks dedicated to running the company itself take place. The term comes from the building layout of early companies where the front office would contain the sales and other customer-facing staff; and the back office would be those manufacturing or developing the products or involved in administration but without being seen by customers. Front Office Outsourcing includes customer-related services such as contact center services.
Offshore Outsourcing is contracted outside a company’s country. People tend to confuse offshoring with outsourcing, although their meaning is totally different. Offshoring is the total or partial reallocation of a company’s activity from one country to another; while outsourcing is the total or partial reallocation of a company’s activity to an external company. Both concepts are frequently combined. For instance, we speak about offshore outsourcing when a firm entrusts other company to perform some kind of work in a country different from the client’s country of origin. Similarly, when a firm owns a shared service center in a foreign country, this is known as off shoring but not as outsourcing. Near Shore Outsourcing is contracted to a company’s neighboring (or nearby) country.

Given the proximity of BPO to the information technology industry, it is also categorized as: RPO (Research Process Outsourcing), LPO (Legal Process Outsourcing) and HRO (Human Resources Outsourcing). TPI, a sourcing advisory, has observed that in addition to on-shoring, near shoring and off shoring.

1.3 EVOLUTION OF GLOBAL OUTSOURCING

The idea of outsourcing is not new. It started way back in the 1700s when manufacturers started shifting the manufacture of goods to countries with cheaper labor during the Industrial Revolution following the precepts of Adam Smith in his book ‘The Wealth of Nations’. The history of outsourcing to India is
an interesting story. As land, sea, and later, air routes developed between the 15th and 21st centuries, more nations started to outsource trade to other nations, eventually leading to outsourcing to India and other nations.

The history of outsourcing started in the United States, when it was struck with economic stagnation and rising inflation rates. Since then the US companies started outsourcing their service related jobs to cheaper locations to regain their profitability. Globalization of economies supplemented by technological advances has led to the evolution of the outsourcing industry in India. After the flourishing of information technology (IT) in the late 1990s and 2000s, outsourcing has spread to Indian states. US companies started outsourcing information technology activities to low cost locations in India. Some of the companies also started their offshore facilities in India. The internet business boom is the main drive for this success. Especially two Asians giants China and India are the leaders in providing outsourcing services to the American industries.

India has been known for its huge talent pool and has proved to be one of the most significant destinations for global companies to outsource their back office operations. Due to country’s additional edge in knowledge based services, India has emerged as a favorite destination for outsourcing of knowledge processes too. Over a period of time, the industry has touched everyone from market researchers to accountants to medical professionals. Now BPOs have also started high end consulting jobs. Over a decade, the industry has grown to a
great level and will continue to grow in all the locations. India is considered to be among the most preferred destinations in the world. Reasons for preference of India lay in its skilled human resources, best infrastructure and climatic conditions that are suited to the clients’ business activities.

Outsourcing to India is cheaper than outsourcing to other locations in the world and this is the main reason for companies outsourcing their business activities to India. Today outsourcing industry is moving towards a high level of specialization with great competition from low end process to high end process jobs. It has created worldwide opportunities in terms of enhanced revenues, product innovation and economic growth. Maximizing the value of outsourcing efforts will require deep economic and organization-specific business analysis so as to capture a more promised value without putting the rest of the business at risk.

Outsourcing gained greater attention in the 1970s, when large corporations were considered to be underperforming, a trend that became even more pronounced in the early 1980s with the onset of global recession. (Kakabadse&Kakabadse, 2000). Furthermore, the 1980s seen a shift and change of direction in business strategies focusing on cutting down the number of activities. (Peters & Waterman, 1982). As a result, vertically integrated and self-sufficient corporations were achieved by managers who re-evaluated the core functions of the organization. (Mullin R, 1996). The period and events of the evolution of global outsourcing have been depicted in the following table 1.1:
Table 1.1

EVOLUTION OF GLOBAL OUTSOURCING

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>EVENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1776</td>
<td>Adam Smith’s Wealth of Nations propagates competitive advantage through outsourcing. Term “outsourcing” itself was not in use.</td>
</tr>
<tr>
<td>18th and 19th centuries</td>
<td>With whaling fleets and floating factory ships, the concept of “offshore manufacturing gets a fillip.</td>
</tr>
<tr>
<td>Early 20th century</td>
<td>Companies like Ford Motors own everything, even forests to make rubber for car tyres! General Motors runs a 2000 people HR and travel desk to cater to its employee needs.</td>
</tr>
<tr>
<td>1940s</td>
<td>ADP starts with handling payroll outside companies. Today the $8 billion, 41000 employee payroll expert handles payrolls for one in six US workers and recently opened office in India.</td>
</tr>
<tr>
<td>1960s</td>
<td>Hundreds of call centers spring up in the US and UK. Convergys, the largest call centre company started as a captive unit of Cincinnati Bell.</td>
</tr>
<tr>
<td>1980-1990</td>
<td>U.S. and European companies start shifting work to Ireland, Israel and Canada. Ireland particularly benefits as costs are lower and it offers multi language capability.</td>
</tr>
<tr>
<td>1999</td>
<td>The New Telecom Policy of 1999 ended the state monopoly on international calling facilities. This heralded the growth of inbound/outbound call centers and data processing centers; one of the first outsourced services to third party players was medical</td>
</tr>
</tbody>
</table>
1.4 SERVICES OFFERED BY BPO

The different type’s services offered by the BPO’s are to serve the customer needs and offer them a satisfaction level. Providing better services is the key to retain the customers and to strengthen the client base. This range of services can broadly be classified into four categories consisting finance and accounting, customer care, human resource a wide range of other vertical-specific and niche services. Today, BPO firms provide an extensive range of back office and front office services to various industries like Retail or e-Retail, Insurance, Mortgage, Banking, Healthcare, Telecommunications, Technology, Travel and Hospitality. Some of the BPO firms also provide customized business data processing services to their clients to meet their specific requirements.

Some of the general services provided by the BPOs are Receivables and Payables, Inventory Management, Order Processing, Cash flow Analysis, Reconciliation, Data Entry, Payroll Processing, QuickBooks Accounting.

Source: Business World
Financial Statement Preparation and Accounting Services. Some of the web based services include live online sales and order entry, E-commerce transaction support, Live online enquiry handling, Web Design/Development.

Some of the major BPO services provided by the BPO companies are discussed below:

(a) CUSTOMER SUPPORT SERVICES:

Customer support services provided by BPO firms allow the companies to handle various customer related issues effectively and resolve their queries promptly. The customer support services are utilized by the companies to increase the rate of customer satisfaction and promote goodwill.

(b) TELE-MARKETING SERVICES:

Industries have telemarketing services in order to boost sales and promote product awareness. BPOs have skilled professionals who deliver quality results and who are focused towards their targets. Telemarketing includes services like lead generation, appointment scheduling, debt collection services, product promotion, cross selling and hardcore selling.
(c) **TECHNICAL SUPPORT:**

Technical support services help users solve their specific problems related to computer hardware, software, or any electronic product. These services mainly increase the utility of the clients’ products and increase their customer satisfaction. Technical support services can be provided via an e-mail, telephone, instant messaging, fax, and even on-site.

(d) **ACCOUNTS MANAGEMENT:**

The industries are employing BPO financial and e-accounting services for having cost advantage and for better customer management. Accounts management services, such as customer acquisition and retention, sales lead management, lead qualification processing and demand generation help to increase the productivity and marketing ROI of the clients’ organizations.

(e) **ORDER MANAGEMENT:**

The order management services drive the order fulfillment process of any business and are used for order management and order processing. Various order management services offered by BPOs are order quoting, order processing, quality review, review of orders, adding missing information, mail order management, fax order management, sorting, clearing, batching, transmission, billing, order entry, issuing, and handling payments services.
(f) DOCUMENT MANAGEMENT:

BPO document management solutions are very useful for quality control, indexing, retrieval of data, storage, validation, and integrating activities. Document management is mainly the provision of scanning, creating, managing documents in electronic format and supporting imaging process for proof of delivery, managing employee files, purchase invoices, etc.

(g) TRANSACTION AND PAYMENT PROCESSING:

The industries in the domain of finance, insurance, or mortgage use transaction processing services offered by BPOs to achieve cost competency, productivity, and increase efficiency. Various transaction processing services, such as information capture, verification, eligibility and authorization for claim, loan/mortgage and order processing services, check processing and remittance processing, email, feedback, response management, financial reconciliation, loan origination and servicing, and GL closing services are handled by BPO companies.

1.5 MAJOR REASONS WHY COMPANIES OUTSOURCE

We have been hearing all about these outsourcing things in the business world over and over again. As cited in many articles, there are various reasons why
companies outsource. In light of this, studies are directed to generate the best and most common reasons why companies do outsourcing.

(a) REDUCE OPERATING COSTS:

The reason why most companies pass some of the things they should accomplish to outsourcing centers is that they always encounter immensely higher research, advancement, marketing and deployment expenses when they try to do everything by themselves. An external provider’s cheaper cost structure, which may be the result of a better economy of scale or other benefit based on specialization, diminishes a company’s processing costs and boosts its competitive advantage.

(b) IMPROVE COMPANY FOCUS:

Having the liberty from dedicating vigor to the fields that are not in its capability, the company can concentrate its resources on achieving its customers’ needs. Outsourcing gives the company a chance to focus on its principal business by having operational purposes assumed by an outside specialist.

(c) ACCESS TO WORLD CLASS CAPABILITIES:

Globally-known providers create far-reaching investments in methodologies, technology and people. They obtain specialty by working with much clients who
are on the same circumstance. This joint expertise provides clients a competitive benefit and helps them avoid the high cost of chasing technology and preparation.

(d) FREE RESOURCES FOR OTHER PURPOSES:

Outsourcing allows a company to readdress its resources, most often human resources, from non-principal activities toward customer service activities because every company has restrictions on the resources available to it. The company can forward these workers onto better value-adding activities. Workers whose energies are presently focused inbound can now be focused outbound which is on the customers.

(e) RESOURCES NOT AVAILABLE INTERNALLY:

Outsourcing is a feasible option to creating the required competence from the ground. Companies outsource because they have no access to the necessary resources within the organization. New companies, spin-offs or organizations growing into new geography or new technology should consider the advantages of outsourcing from the very start.
(f) ACCELERATE REENGINEERING BENEFITS:

Reengineering aims for developments in vital measures of performance such as cost, quality, service and speed. But the need to boost competence can come into straight conflict with the need to invest in main business. As non-core internal purposes are continually put on the back burner, systems become less proficient and less beneficial. By outsourcing a non-core function to a world class provider, the company can begin to see the benefits of reengineering.

(g) FUNCTION DIFFICULT TO MANAGE OR OUT OF CONTROL:

Outsourcing is certainly one option for addressing this problem. It is critical to remember that outsourcing doesn't mean abdication of management responsibility nor does it work well as a knee jerk reaction by a company in trouble.

When a function is viewed as difficult to manage or out of control, the organization needs to examine the underlying causes. If the requirements expectations or needed resources are not clearly understood, then outsourcing won't improve the situation; it may in fact exacerbate it. If the organization doesn't understand its own requirements, it won't be able to communicate them to an outside provider.
(h) MAKE CAPITAL FUNDS AVAILABLE:

There is tremendous competition within most organizations for capital funds. Deciding where to invest these funds is one of the most important decisions that senior management makes. It is often hard to justify non-core capital investments when areas more directly related to producing a product or providing a service compete for the same money.

Outsourcing can reduce the need to invest capital funds in non-core business functions. Instead of acquiring the resources through capital expenditures, they are contracted for on an "as used" operational expense basis. Outsourcing can also improve certain financial measurements of the firm by eliminating the need to show return on equity from capital investments in non core areas.

(i) REDUCE RISK:

Tremendous risks are associated with the investments an organization makes. Markets, competition, government regulations, financial conditions and technologies all change extremely quickly. Keeping up with these changes, especially those in which the next generation requires a significant investment, is very risky.
Outsourcing providers make investments on behalf of many clients, not just one. Shared investment spreads risk, and significantly reduces the risk born by a single company.

(j) CASH INFUSION:

Outsourcing often involves the transfer of assets from the customer to the provider. Equipment, facilities, vehicles and licenses used in the current operations have value and are sold to the vendor. The vendor then uses these assets to provide services back to the client. Depending on the value of the assets involved, this sale may result in a significant cash payment to the customer.

When these assets are sold to the vendor, they are typically sold at book value. The book value can be higher than the market value. In these cases, the difference between the two actually represents a loan from the vendor to the client which is repaid in the price of the services over the life of the contract.

1.6 OUTSOURCING: THE CRITICISMS AGAINST IT

Outsourcing has been a very helpful tool in many businesses as well as to the economy and to a lot of people. But not all appreciate the role this industry is
playing. There have been criticisms being thrown to it. Some of these are its effects on other works, labor and economy and the question of security.

(a) QUALITY OF SERVICE:

Some critics say that since “outsourced” workers are not paid employees of the company, there is lesser incentive for them to show loyalty and work ethics. Also, it has been argued that quality levels of customer service and technical support of outsourced jobs are lower than where they have remained 'in-house'.

(b) SECURITY ISSUES:

In terms of security, there are also security issues concerning companies giving outside access to sensitive customer information.

(c) RISK OF EXPOSING CONFIDENTIAL DATA:

When an organization outsources HR, Payroll and Recruitment services, it involves a risk if exposing confidential company information to a third-party.

(d) SYNCHRONIZING THE DELIVERABLES:

In case you do not choose a right partner for outsourcing, some of the common problem areas include stretched delivery timeframes, sub-standard quality output and inappropriate categorization of responsibilities. At times it is easier to
regulate these factors inside an organization rather than with an outsourced partner.

(e) HIDDEN COSTS:

Although outsourcing most of the times is cost-effective at times the hidden costs involved in signing a contract while signing a contract across international boundaries may pose a serious threat.

(f) LACK OF CUSTOMER FOCUS:

An outsourced vendor may be catering to the expertise-needs of multiple organizations at a time. In such situations vendors may lack complete focus on their organization's tasks.

(g) ODD WORKING HOURS:

Most of the BPOs in India support overseas operations and majority of professionals have night shifts. Although many have day shifts as they support domestic Indian customers, or off-business support hours of the overseas company which happens to be day-time for India. In majority of cases Indian BPO jobs mostly have odd hours.
But basically, there are answers to these criticisms. Here’s what others have to say contrary to the criticisms being tossed to outsourcing. Talking about quality of service, some believe that the decision to outsource is like any other business investment decision in that there is risk. It is like the decision to expand a business overseas, to encompass computer technology, or to hire new workers. If the company does it correctly, it benefits from higher profits. It is just a matter failing and succeeding. The important thing is you give your best to obtain what you want to get. When it comes to security, advocates of outsourcing also claim that outsourcing-related fraud is insignificant, asserting that such malpractices can take place in any country. Whether others accept it or not, the outsourcing industry is here to stay. There might be condemnations raised against it, but the truth still remains that it is a big help in the economy and to a lot of people.

1.7 GROWTH OF INDIAN BPO INDUSTRY

According to (BhowmikK. Sharit, 2004), outsourcing in India started with the software industries more than a ten years ago. The starting city was Bangalore. With the revolution of the Micro-Electronics in the 80s, production in India has seen an increasing level of changes. In fact, Bangalore is considered the ‘Silicon Valley’ of India, as a result for accommodating large number of software companies. (Heitzman, 2004). Furthermore, a swift improvement in communications in general led to hasty transfers of capital and production between nations. In Kolkata, the government has realized the importance of building up and creating an entirely new
area for software corporations in its suburb, called, Salt Lake. They were hoping at that time to enlarge this sector in the future (Mitter and Sen, 2000).

(BhowmikK. Sharit, 2004) cites that Indian software producers are in a comparative cost advantage in regards to software production. In general, the cost of living is lower in India when compared to developed countries. As an example, about $500 a month would be considered as a very decent salary for a professional software programmer. Furthermore, call centers have flourished in India due to the high proficiency in English as well as the lower wages operators look for when compared to their peers in the USA or UK. The operators are paid around $200 per month and supervisors earn around $400 to $500 a month which are several times lower than what a person doing the same job would get in the USA or in Europe (BhowmikK. Sharit, 2004).Business Process Outsourcing (BPO) to India is increasingly becoming the strategic choice for companies looking primarily to achieve cost reductions and improving their service quality. Such approach will allow these companies to focus more on their core business capabilities and competencies.

The Federal Reserve Bank of Dallas in its issue 6, ‘Beyond the Border’ published in 2003 cites that, to make outsourcing viable, other business-promoting factors must be considered as well, such as the number and quality of skilled workers, maturity of the outsource market, government support, the legal system, political
stability, location and accessibility, education, infrastructure, time differentials, technological modernity and English language skills (Thomas Siems, 2003).

India became familiar with ‘Business Process Outsourcing’ only in the early and mid 1990’s, but now the entire country seems to be quivering with the ‘BPO fever’. The foreign direct investment (FDI) in the country owes a lot to this sector, which is progressing at a break-neck speed. The cheap labour costs and the pool of skilled, English-speaking Indians have always been the two foremost factors contributing to the BPO boom in the country. As the National Association of Software Services and Companies (NASSCOM) points out, the other equally motivating factors include strong quality orientation among players, ability to offer round-the clock services based on the country’s unique geographic location, positive policy environment which encourages investments and a friendly tax structure, which places the ITES/BPO industry on almost equal footing with IT services companies.

Looking at the hit side of the fabulous growth of the BPO industry, a number of leading software service companies also made a foray into the BPO domain, either directly, or through the mergers and acquisitions route. Most Indian IT leaders today such as Wipro, Patni, Satyam, HCL, among others, have presence in this market. The segments like customer care and administration showed a promising growth of over 75% which was the highest among all.
2008 was a year of transformation for the Indian IT – BPO sector as it began to re-engineer challenges posed by macro-economic environment, with the worldwide spending aggregate estimated to reach nearly USD 1.6 trillion, a growth of 5.6 per cent over the previous year. In the global market, software and services touched USD 967 billion, an above average growth of 6.3 per cent over past year and the worldwide BPO grew by 12 per cent, the highest among all technology related segments. 2008 was a strong year as number of contracts, total contract value and annualized; and contract values exceeded as compared to 2007. Among all users above average growth was witnessed in the Government, Healthcare and manufacturing segments (NASSCOM 2009). Indian IT-BPO grew by 12 per cent in FY2009 to reach USD 71.7 billion in aggregate revenue.

1.8 THE 2008-2009 ECONOMIC CRISIS

A dramatic rise in mortgage delinquencies and foreclosures in the United States created what is now called the subprime mortgage crisis which in 2007 triggered a credit crisis due to the lack of confidence by banks and investors. In a matter of months, the financial crisis caused the intricate and highly leveraged US financial system to fail. By the third quarter of 2008 the high volatility in stock markets and the loss of confidence by investors in the US and Europe had spread to other financial markets around the world and eventually unfolded into a global economic crisis which is affecting every finance-based economy. Considered the
worst global recession since the Great Depression of the 1930s, this economic turmoil has caused many companies around the world to fail, go into bankruptcy, or suffer the impact of the crisis in their economic activity. Although the quick response from the central banks diminished the effects of the crisis, it was already too late and by 2009 the world was hit by an unprecedented recession. Businesses have experienced a fall in demand for their goods and services, revenues have fallen and profit margins have been reduced as prices are cut in the attempt to increase sales. The unemployment rate has risen and the entire social net has been affected. For many companies around the world sales have dropped and they have had to implement emergency measures to compensate for the losses generated by the market slump.

In times when companies need to cut costs, improve performance, and increase profit margins, the benefits from outsourcing might be a sensible strategy. Cost savings, improvement of process performance, reduction of fixed costs, increased flexibility, and the possibility to focus on core competencies and strategic business operations are the benefits from outsourcing.

1.9 NEED OF THE STUDY

BPO started with non-core processes and is now moving towards more critical applications. It has boomed with call centers and customer support processes, and now is happening with software development, human resources (HR),
finance and accounting (F&A), training, payroll, and procurement. The trend is moving beyond the outsourcing of typical back-office functions into middle-office functions. BPO is catching up with industries like medical transcription, animation production, and even disaster recovery management systems. Moreover, it is not just India or the Philippines that are booming with BPO. Central & Eastern Europe's markets are also aggressively chasing near-shore outsourcing from Europe.

Most research in the BPO sector has addressed only specific problems related to its environmental analysis like challenges, growth and opportunities, the problem of attrition, the HRM systems, and issues of job stress, job satisfaction, individual performance etc. to name a few, but not much inclusive and structured work has been done in the domain of BPO sector which analyses the growth performance and trends in BPO sector and impact of economic changes on the Indian BPO Industry. Therefore the study aimed at exploring the dimensions of global economic scenario and its impact on Indian BPO Industry during the slowdown.

On the basis of reviews and views of experts as have been given in chapter two, it has become imperative to analyze the global economic scenario, in the special context of recent meltdown and its impact on the performance of Business Process Outsourcing industry specially on Indian Business Process Outsourcing, and to anticipate the future prospects of Indian Business Process Outsourcing
sector. It is therefore the present study entitled “Global Economic Scenario and Indian Business Process Outsourcing: An Analysis” has been undertaken.

1.10 OBJECTIVES

The present study has been conducted with the following objectives:-

1. To ascertain the trends and development of BPO Industry in India.

2. To examine the Global Economic Scenario in the context of BPO Industry.

3. To analyze the impact of economic slowdown on the performance of BPO sector in India.

4. To carry out SWOT analysis of Indian BPO Industry.

5. To anticipate the future prospects/potential of Indian BPO Industry.


1.11 DATABASE AND RESEARCH METHODOLOGY

This research is descriptive as well as exploratory. The study is based on primary as well as secondary data. Collection of Primary data was based on expert
interviews conducted with BPO clients and BPO providers. The group of interviewees consists of experienced practitioners with exhaustive experience in both: building and operating Captive Shared Services and co-operating with BPO providers. Most of the important industries and services are represented in the experts groups.

(a) SOURCES OF DATA COLLECTION

A self structured questionnaire was intricately designed to tap the factors affected by global economic slowdown. The instrument was divided into 2 parts. The first part gathered information about the personal profile of the respondents such as; age, gender, education, marital status, and tenure. Part II consists of two sections, Section I aimed at knowing what according to the respondents is impact of recent slowdown on various dimensions of BPO Industry and section II carries out SWOT analysis.

To ascertain the trends and development of BPO Industry in India and to analyze the global economic scenario in the context of BPO Industry, the Secondary data was collected from reliable secondary sources such as annual reports, company websites, regulatory filings, and data with industry association, regulatory bodies, reports of various concerned associations like Nasscom, McKinsey, Gartner, Government websites and various newspaper articles. The information so gathered was used collectively to understand the changing dynamics of the Business Process Outsourcing.
(b) SAMPLE SIZE AND SAMPLE SELECTION

A systematic and organized methodology was obtained for the research study. A survey design was used to obtain the required information. The population for this study comprised of employees working in various BPOs all over India. A sample size of 300 was chosen for this study from the list of Top 20 BPO companies provided by Dataquest, which can be seen in the table and this list does not include some companies whose corporate headquarters are located outside India, but have significant India-based delivery capabilities.

Simple random sampling technique was used to gather data from the respondents, because of which respondents diverged from every age group, gender, organization, marital status etc. but were restricted only to high level employees, where the real growth trend and performance is known. The questionnaire was intricately designed to tap the demographic variables including age, education, gender, marital status, and tenure of the respondents.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Revenue 2010-11 (Rs Cr)</th>
<th>Revenue 2009-10 (Rs Cr)</th>
<th>Growth 2010-11</th>
<th>Growth 2009-10</th>
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<tr>
<td>1</td>
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<td>4592</td>
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<td>2010</td>
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<td>IBM Global Process Services</td>
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<td>1212</td>
<td>7%</td>
<td>-18</td>
</tr>
<tr>
<td>11</td>
<td>Exl Service</td>
<td>1224</td>
<td>966</td>
<td>27%</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>Cognizant BPO</td>
<td>1217</td>
<td>858</td>
<td>42%</td>
<td>28</td>
</tr>
<tr>
<td>13</td>
<td>Hinduja Global Solutions</td>
<td>942</td>
<td>759</td>
<td>24%</td>
<td>15</td>
</tr>
<tr>
<td>14</td>
<td>Xchanging India</td>
<td>893</td>
<td>956</td>
<td>-7%</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>Convergys India</td>
<td>891</td>
<td>801</td>
<td>11%</td>
<td>-2</td>
</tr>
<tr>
<td>16</td>
<td>Intelenet Global</td>
<td>871</td>
<td>775</td>
<td>12%</td>
<td>4</td>
</tr>
<tr>
<td>17</td>
<td>HCL BSERV</td>
<td>857</td>
<td>1044</td>
<td>-18%</td>
<td>-3</td>
</tr>
<tr>
<td>18</td>
<td>24/7 Customer</td>
<td>716</td>
<td>660</td>
<td>8%</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>3i Infotech</td>
<td>645</td>
<td>779</td>
<td>-17%</td>
<td>49</td>
</tr>
<tr>
<td>20</td>
<td>Mphasis BPO</td>
<td>472</td>
<td>542</td>
<td>-13%</td>
<td>-5</td>
</tr>
<tr>
<td></td>
<td><strong>Total Revenues of DQ Top 20 BPO Companies</strong></td>
<td><strong>32246</strong></td>
<td><strong>28532</strong></td>
<td><strong>13%</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

Source: Dataquest Top 20 BPO Export Companies August 2011

All the revenues are export revenues only
1.12 HYPOTHESIS

The following null hypothesis has been taken by the researcher for the study:

Ho- There is no significant impact of the global economic slowdown on the Indian BPO industry.

1.13 STATISTICAL TOOLS

For analysing the findings and to draw the inferences, the statistical and mathematical tools have been used like Mean Average, Standard deviation, Cronbach’s Alpha and Z-test analysis etc.

1.14 LIMITATIONS OF THE STUDY

The research study is limited to a few aspects.

- Firstly, the study has considered only limited variables while assessing the impact of on performance.

- Secondly, measuring attitudes of respondents is quite subjective. Although great care was taken for precision, yet there may be certain gaps which need to be rectified.
Thirdly, the model needs to be tested on a larger dataset.

Since there has been no real research undertaken to study the Indian BPO industry, the secondary data collected is limited and may lack accuracy.

Research is conducted for a short period and hence paucity of time is a major constraint.

The study does not cover unorganized BPO industry.

The span of study is limited to the slowdown period; therefore time period is short, i.e. from the year mid 2007 to mid 2009.
References


