

Enhancing Global Competition in BPO: What India should Do?

*Dr. S. Srinivasan**

Introduction

India has emerged as the most competitive and popular IT outsourcing destination in Global Outsourcing Report 2005. With English speaking workforce and 24 hour workday culture, the industry continues to strengthen its position in the global outsourcing arena. Besides low cost and quality Indian contribution includes security and innovation.

As per Nasscom- Mckinsey report 2005, it has been estimated that only 10 % of the addressable market for global off shoring has been realized so far, leaving ample headroom for future growth. India's Leadership position in the global offshore IT industry is based on five main advantages (1)

- 1) Abundant talent _ India now accounts for 28 % of It and BPO talent among 28 low cost countries
- 2) Creation of Urban infrastructure that has fostered several IT centers in this country
- 3) Operational excellence has livered cost and quality leadership in offshore service centers
- 4) conducive business environment including several favorable policy interventions such as telecom reforms
- 5) Continued growth in the domestic IT sector

Time – Zone differences offer opportunities for a virtually 24 hour development process. When the night falls in Asia, for instance, the results of today's work might transfer to a site in Europe where the workday has just begun. As the European workday ends, the documents go to America for further processing, before they return to Asia, arriving just in time for the new work day. Implementing such distributed software development process requires advanced infrastructural support. Companies involved in such distributed development process must address several technical and managerial issues. Coordination and sharing issues become more difficult and require continuous efforts. Also countries have different off days for religious or national holidays. For example India celebrates Independence Day on Aug 15 while US celebrates on July 4. Such temporal dispersion while setting delivery deadlines must be taken into account.

Many companies are adopting agile methodologies for software development in India This is important in a competitive conditions when requirements keep changing. In agile methods, the highest priority is to satisfy the customer through early and continuous delivery of valuable software. Chinmay Jain (1) suggests the principles of software development as below:

- 1) Satisfaction of customer through early and continuous delivery of valuable software
- 2) Welcoming change in requirements even late in development. Responding to change gives competitive advantage
- 3) Deliver working software frequently from a couple of weeks to a couple of months, with a preference to shorter time scale
- 4) Business people and developers must work together daily throughout the project.
- 5) Building projects around motivated individuals
- 6) Facilitating Face to Face conversation within development team
- 7) Progress measured by working software
- 8) Maintaining constant sustainable pace indefinitely
- 9) Continuous attention to technical excellence
- 10) Maintaining Simplicity
- 11) Encouraging self –organizing team to get the best architecture & requirements
- 12) Reflection at regular intervals as to how to become more effective and tuning accordingly.

According to Masco report. Software exports account for approximately 80% of the total services and revenue. USA has been the key market accounting to 68.4% of total software exports.

Typically US firm begin by outsourcing a small project to an Indian vendor. New bigger projects are handed after gauging the programming and project Management capabilities of Indian vendor.

SHORT TERM STRATEGIES

Needless to state that ultimate successes lie in sustaining and enhancing our skills in following steps. This can be achieved by

- 1) Excellent programming after an extensive study of the system
- 2) Need to understand the present system and Reengineer the system for future requirements
- 3) Project Management skills to complete project at targeted cost and time
- 4) Security design embedded into system
- 5) Value addition in giving intensive Decision support systems
- 6) This should naturally lead us into long term goal of taking more challenging hi'- tech works .Business process outsourcing should gradually become Knowledge Process outsourcing. Several domain capabilities must be built.

SHORT TERM CONSEQUENCES

We have seen that while such developments have contributed to the employment level particularly at urban centers, there have been some negative issues. First it calls for some intensive use of constrained resources – land, capital, labour etc which gets diverted from production of tangible goods /services in local economy. The labour is called upon to work at odd hours (to match client working timings or give a 24 hour service) which results in physiological and social and cultural problems. The attrition rate in such industries in an indicator of mental frustration of young urban work forces. Further their inability to involve in general daily social engagements have created family tensions, distrust and psychological problems. The people of advanced countries which outsource the work Resent the fall in employment of local population and in some cases have developed a hostile attitude towards developing countries for bringing down the wage level.

Several clients use an abusive language and more often the call center employees may have to face a stressful situation at odd hours doing a mundane work. High isolated wages existing in select call center industries create social tensions. Also cultural shocks such as women employees taking odd shift duty hours create cultural tensions in society.

The positive and negative influences create a policy dilemma for public policy makers. Whether we should go for such modes of development? If, so how much should we go?

Is there an opportunity cost in making our resources available? What are the social costs and benefits? Or, an an intermediate step, we let our young graduates to work in such IT industry and let them save money and encourage to them to acquire higher skills by letting them to pay for their skill up gradation?

Global competition in BPO compels India to take a system view of the various possibilities that we can have:

- 1) Identify the present advantages at cost level and investing resources to defend and sustain the advantages.
- 2) Identify potential factors that will give us long term sustainable advantages advantages and investing our resources on that.
- 3) Use the present opportunities until that fades away and thereby creating new resource bases to have different strategies once the present opportunities are lost

To make informed policy choices, we need to have intensive idea on the effect of present work design on all aspects of human and societal well being.

LONG TERM SOLUTION

Instead of taking adhoc and short term decisions, we advocate a long term system wide view of impact of work design due to technological impacts. As a first step, I advocate an Outsourcing Laboratory to first scientifically experiment and record the impact of new ways of work design. Some experiments that will simulate the present day work environment where the work is

digitally split and done at several places around the globe. The task of doing such fragmented work in different time zones and under different geographical regions will be studied as to how psychological and mental stresses are introduced. We intend to measure the impact of different work fragmentation schemes combined with different leadership approaches to study the full impact in all aspects. In an ideal Laboratory set up we can simulate different work situations where logical/ spatial/ problem solving/ design aspects are fragmented and scope for different degrees of involvement of work crew can be studied as the final effects on productivity, morale and human physical & psychological fatigue etc.

Social and psychological factors will be measured and some objective data will be developed for use in policy choice. This will hopefully eliminate a narrow and adhoc decisions which are increasingly becoming politically biased.

More experiments both in laboratory and society is needed so that it will act as a sort of decision support system to make active and objective policies. The ultimate objective is that India takes advantage of present opportunities and also makes a good use of for creating a long term growth strategy sustainable and useful to India and world. Such system wide multi optimization issues require careful policy planning based on facts and analysis and bold decisions today. Hopefully the idea of Outsourcing laboratory as the first step towards the greater goal of sustaining the competitive advantage we have today.

As India matures into Business Process outsourcing to Knowledge Outsourcing, the general motivation level of Indian work force will improve. Also since the demand for time delivery of service is reduced, the time tensions and associated needs to work at odd hours may disappear. The educational system need to prepare for catering to general Engineering/ science/ medicine/ legal domain knowledge creation in Human assets. The surplus generated by both public and private knowledge earners must be cycled in Indian Mutual Fund industries in Infrastructure development creating a positive feed back cycle.

The feedback loop of processing knowledge through digital technology and using that to build up national and intellectual base would empower India in global competition in all aspects. With our good history and international good will, this will empower India into a Leading power House.

We will study and suggest the individual and group effects of new ways of work that will impact. We will also study the new skills required for suggested policy and accordingly Educational system can allocate resources for the same. The idea is to study all aspects of impacts of digital technology on work design through experimentation and take concerted policy decisions with the purpose of achieving global optimum pursuits and plan accordingly.

REVAMPING ENGINEERING EDUCATION SYSTEM

Indian Educational sector - Technician education in higher studies presents interesting area for immediate attention. There are 1105 Polytechnics, 1303 Teacher training institute and 9427 general education colleges and 1068 Engineering and Technical colleges in India as per MHRD (Technical education) website data.(2). New colleges are getting added to the excising pool. Given the fact that except of few who end up in design and development work but most (around 90 %) take up job in general Engg. Services/ software services, we may think of offering a general Engg. Curriculum where students study basics of Mecl/ Elec/ Computers etc along with soft skills – like communication, Team working skills. The general idea is to impart the basic Engineering and technical skills so that they can adapt to any working situation. They can augment their skills related to workspace by engaging in continuous learning which everyone has to do in future anyway. Of course selected few who have the aptitude for intensive higher level education go for through in depth courses in selected specialization. Many universities are planning to go for General Egg. Degree without branding a special branch. This will give our students a breadth and give them leverage in competition in global space. The Hard and soft skill requirements as that can be isolated and factored by Outsourcing Lab. will help in fine tuning the curriculum to design the best mix up undergraduate education.

This would serve as an intermediate strategy in surviving and thriving in globally competitive BPO space. In the long run ofcourse fundamental research in Sciences and



Engineering will be our main strength in focus but carefully directing our resource base in that direction from the surpluses we create in short term and medium term.

References

- 1) Dr. David I. Cleland & Dr Lewis R.Ireland. “Applied Project Management Hand Book “The McGraw –Hill companies (to be published) (Chapter on Software and Project Management practices in India contributed by Dr.S.Srinivasan, Chinmoy Jain and Dr. Bidanda)
- 2) MHRD Website.
