COMPARATIVE SITUATIONAL ANALYSIS OF BUSINESS PROCESS OUTSOURCING INDUSTRY IN INDIA WITH FOCUS ON HUMAN RESOURCES ISSUES CONSIDERING OCCUPATIONAL THERAPISTS SUGGESTIONS

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ABSTRACT

This paper examines the growth of business process outsourcing industry in India with focus on issues and challenges in human resources issues. Primarily, the definition is provided and different research reports are examined from sociological point of view in addition to human resources viewpoint. The human resources issues are unique to BPO industry. Its work force is relatively young and high paid compared to other jobs and the industry is growing; the job dissatisfaction is growing and attrition rates are alarming. What makes the industry different? What are the research findings with respect to different time periods? What are the issues identified? With lowest salary being paid to Indian worker as indicated by research across different parts of the world; will the employers provide medical attention to the health issues as being done by other countries? Or what is the learning for countries like Africa who want to enter this industry? These are the questions endeavored to be answered by this research paper. One of the important contributions of this study is the health problems faced by employees and physicians and occupational therapists suggestions related to improve the work environment for employees.

KEY WORDS: Emotional Labour, Sweatshop, Panopticon, Survival Strategy, Coping, Fragility of Fun, Hour Glass Occupational Structure, Occupational Therapists

INTRODUCTION

Business process outsourcing industry is one of the fastest growing industries, creating highest number of jobs in economies across the world (Holman, Batt, and Holtgrewe, 2007). The industry is human resource and technology intensive and capacities of firms vary from fifty employees to more than fourteen thousand with different types of ownership. It offers employment both for graduates who are repeating given scripts and to engineers, doctors, and qualified accountants who are offering advice on technical, medical, and financial issues (Dormann & Zijlstra, 2003). The industry’s variability, novelty, technological intensity, work intensity, with new sociological and economic networks at the intersection of globalization and liberalization, provide challenging opportunities for researchers across various disciplines. Russel (2008) opined that they have garnered attention both in their own right as a new means of organizing particular type of work and as an important axis point from which study of management practices may be initiated. The present interest is similar to textile mills or automobile factories, which were treated as both objects of curiosity and as metaphors for their age when they came into existence both in England and United States of America. India is one of the major players in this sector.

The industry growth in India is phenomenal albeit with human resources challenges such as attrition rate of employees to the tune of 40%, which is highest compared to same industries across the world. The employees are also experiencing low job satisfaction, and health issues ranging from high stress to severe physical illness (Holman, Batt, and
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Holtgrewe, 2007; DQ-IDC Employee Satisfaction Survey, 2009). Fernie and Metcalf (1998) undertook pioneering research with respect to human resources issues that provided a basic framework followed by other researchers for the past decade.

**Performance of Indian BPO Industry**

Some of the major highlights of the industry according to National Association of Software and Service Companies, India (NASSCOM) the largest association of BPO organizations in India. Some of the highlights the claims of the association are as follows;

1. Indian share of global market for BPO is worth approximately fifteen billion of US dollars and five million jobs (www.nasscom.in). BPO revenues in financial year 2009 contributed 1% of GDP and 4% of India’s exports.

2. Tech and BPO created forty five per cent of total urban employment, BPO has created over a third of those jobs.

3. Diversity - women in the workforce is estimated to be over 40% in 2008, 60% of firms provide employment to differently abled workforce.

4. Education - enhanced capacity and quality; focus on employability; extensive training and development; curriculum up gradation.

5. Balanced Regional growth: Tier 2/3 cities, currently accounting for approximately 10% of revenues.

6. IT-BPO exports (including hardware exports) reached USD 46.6 billion in FY2009 as against USD 40.9 billion in FY2008, a growth of 14 per cent.

The following data provides a glimpse of growth of the business process outsourcing industry.

<table>
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<th>Table 1: Turnover and Growth of BPO Sector in India (2004-2009)</th>
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<tr>
<td>FY*2004</td>
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<td>BPO Exports &amp; Domestic</td>
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<td>Growth year to year basis</td>
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*FY indicates financial year. (Figures in Billion USD).

**SOURCE:** National Association of Software and Service Companies- Facts Sheet Updated on February 2009.

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<th>Table 2 :Employment in BPO Sector in India (2004-2009)</th>
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<td>Percentage growth</td>
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**SOURCE:** National Association of Software and Service Companies- Facts Sheet Updated on February 2009.

However the report is silent on the issues of human resources issues as highlighted both in press as well as in research reports on poor health of employees and lack of job satisfaction, which will be dealt later. Though the number of persons employed in the BPO sector is comparatively lower to the persons employed in total service sector in India, this
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sector provides high visibility in the international arena for Indian expertise. In addition, India commands highest share in the BPO sector to the tune of 21% of global market, and global business organization have recognized its capability to deliver solutions (Gartner, 2006). The salary and perquisites offered by BPO organizations to its employees are comparatively higher for comparable qualifications (average salary is 2.51 lakhs per annum as per DQ-IDC Employee Satisfaction Survey, 2009) in other sectors in India. All these trends indicate highly favorable conditions of successful industry for all stakeholders. However, this calls for understanding of genesis of BPO industry for better comprehension of human resources issues.

**Business Process and Business Process Outsourcing**

Business process is any ‘workflow’ that is required for producing an output. More commonly, the term is applied to the production, distribution, or use of information, either on behalf of other businesses or for the clients of such concerns. Business Process Outsourcing in simple terms stated as “the delegation of a business process or workflow to an outside service provider who owns, administers and manages it according to a defined set of matrices as set forth in a contract (Greaver, 1999).” During 1990’s, at the nascent stages of industry, with this definition, it has been argued that organizations should divide activities into core and non-core and outsource non-core activities, for instance back office operations. Global organizations Nike and Dell and in India Bharti Telecommunications have outsourced activities that are considered traditionally core activities such as manufacturing and network management as a strategy and have established phenomenon success.

The success of strategy led organizations to reclassify activities as core and non-core based on outsourcing decisions as one of the strategic alternative. The activities that are not outsourced have become core activities of the organizations. For Nike and Dell, supply chain management has become core activity and for Bharti, marketing has become its core activity. It is observed that organizations choose to outsource not only because of cost minimization but also for resource access, resource leverage and risk diversification provided by BPO organizations, though cost minimization remains the major focus (Ramachandran and Mukherji, 2007). Based on its enlarged role, BPO is defined as “an investment strategy for sourcing best practice process capabilities end-to-end along business value chains consisting of: the customer relationship chain, supply chain, organizational productivity chain, and product and innovation chain. It is intensively collaborative because it rests on lattice of the BPO client’s skills, technology base and processes with the BPO provider’s distinctive offerings. The outsourcing has multiplicative-strengthening capabilities along the value chain and not subtractive-process of offloading non-core businesses.” This definition captures the strategic role of outsourcing in organization’s decision-making. It involves different value chains and helps to unlock value. However, for the purpose of present research focusing on human and technological dimensions, it is insufficient. There is also a need to answer the question as to why the industry had different nomenclature at different periods as call centre industry, information technology enabled services industry and presently, BPO industry. Examination of early stages of research from multiple disciplines and evolution of the industry will provide needed insight.

During early stages, outsourcing was adopted relating to repetitive operations such as back office work; later customer service is brought within the realm of outsourcing. The first sector to use the concept is the telecommunication organizations for long distance operators and telephone directory assistance. System engineers developed technical innovations for effective handling of large volume of customer enquiries with the help of operations research models. With deregulation by governments in different parts of the world, the telecommunications organizations experimented with the call centre model expanding from simple transactions to complex services and sales transactions. (Mandelbaum, Sakov, and Zeltyn, 2001). The early research and literature in operations management used to describe the process as call centre
model and the word call centre is used in this context (Mandelbaum, 2004). The call centre is defined as any communications platform from which firms deliver services to customers via remote, real-time contact (Norling, 2001). The contacts are either initiated by customers (i.e., inbound) or transactions initiated by employees (i.e., outbound). The employees are provided with explicit, specific operational guidelines in the form of ‘talk time’ (i.e., the phrase used in BPO to refer to targeted average call length) and customer interaction scripts. A study by Witt, Andrews and Carlson, (2004) found that the scripts generally specify not only the phrases to be used at different points of conversation (e.g., Thank you for calling XYZ company or How may I help you?) but also “display rules,” that are emotions to be manifested during interaction with customers. It is coalescence of digital technologies -fiber optics, switches, integrated voice recognition systems, predictive dialing capacity, web articulation; drop down call, screen capture systems, and development of automated call distribution systems\(^1\) that lie at the heart of call centre technology and human interface processes. As the processes have matured, diffusion has taken place into other work areas such as administrative support, customer relationship management, sales and telemarketing, document processing, accounting, finance, pay roll maintenance, human resources, training, intellectual property research, legal services, medical transcription, product development, publishing, research & analysis, security and supply chain management. The technology progressed from telephony to multi-channel communication such as voice, email, fax, and voice over internet protocol, web enablement, media blending, and electronic customer relationship management. At present, researchers refer the industry as call centre industry despite its change in characteristics. Nonetheless, for the purpose of present research, the term BPO is used to describe the industry.

While ITES or information technology enabled services is a very different kind of industry from software, however, this is categorized together in India under ‘IT’- because both come under the ambit of NASSCOM, the industry body that is active in promoting all these industries.

Definition of Business Process Outsourcing

Business Process Outsourcing with human resource perspective is defined as “the socio technical system of conducting business and described as specialized entity where agents or customer service executives remotely provide information, deliver services, and conduct sales including telemarketing and general commercialization of products and services, collection of information including surveys and market research, offer advise including financial, insurance and medical using combination of integrated telephone and information technologies, with an aim to enhancing customer service while reducing organizational costs.” The use of the word socio-technical system indicates the importance attached to social outcomes of this technological innovation. The definition encompasses different models adopted by organizations. They are classified as follows (Valverde, Ryan and Gorjup, 2007).

1. External organizations or outsourced BPOs- The activity is performed by outside operator. Internal departments or internal call centres operated by the organizations themselves.

2. Inbound and outbound, according to the types of calls managed; the inbound calls are initiated by customers (actual or potential); outbound are initiated by organizations.

3. There are three models operated by organizations. The lower end of the model is mass production model providing voice services addressing large volume markets with focus on minimizing costs. The other end is occupied by professional services such as medical, accounting, human resources, intellectual property research

\(^1\) An important telecommunication technological innovation, where calls are allotted to different operators by their availability and optimize utilization of operators’ time.
and so on. Within this spectrum, there are hybrid models, which have both the characteristics. The major difference between these models is the compensation provided to employees (Batt, 2002) and control they exert on performance of tasks. While the professional services employees have higher control over their jobs, the lower mass production model employees have least control.

The industry growth and diffusion is driven by rapidly expanding information and communication technologies, re-engineered business processes, a changing profile of customer needs and expectations and a prevailing culture of occupational restructuring (Houlihan, 2000; Holman, 2002) and by operations management objective of converting high-contact service to low contact service while adhering to quality - quantity norms.

The transformation of telephony by the development of digital exchanges, intelligent telephone networks and their integration with computer data bases; falling telephony costs and the introduction of toll-free numbers; the high degree of penetration and familiarity of telephone technology and the ability to communicate complex information by phone in real time (Richardson and Marshall, 1999), have spearheaded the industry growth. As the business expanded to other areas especially customer service², the name transformed to information technology enabled services as the activity is conducted as part of information technology initiatives. Realizing its importance due to expansion of outsourcing activity into different domains of business horizontally and vertically, the information technology services industry transformed into business process outsourcing industry and the same is used for the purpose of present study. Another reason for growth is drive towards reducing costs and cutting staff to face global competition —both of which can be accomplished by centralizing services, reducing branch offices close to the customer and taking advantage of lower cost real estate and labour costs in locations out-side main business centers (Richardson and Marshall, 1999). The centralization of service provision has enabled firms to rationalize the work process through the extensive use of information and communication technologies, thereby maximizing the use of service employees’ time. The standardization of service encounters with customers and the use of “functionally equivalent and interchangeable service providers from different geographies” have also helped call centers to achieve great speed and efficiency in the delivery of their services (Gutek, 1995). This is enhanced by technological developments, which allow for the disentanglement of time and place for both individuals and organizations.

As an outcome, organizations can concentrate on their “customer information desk” in a particular country and automatically route calls from a number of countries to this centre, without customers coming to know that they are calling local or international call. As a result, organizations have begun to move some of their labour intensive operations to low wage and low cost countries (Dormann and Zijlstra, 2003), sparking off the outsourcing trend. India has emerged as an important stakeholder in the outsourcing arena. Companies around the world find India a suitable destination due to the availability of skilled, English speaking labour whose wages are a fraction of the wages paid in the home country (Chithelen, 2004).

Research in Business Process Outsourcing Industry

The research in BPO industry is examined at two stages this is from 1948-1990 and from 1990 till present.

² Two thirds of customer service of Fortune 500 companies is conducted through call centres enabled by information technology (Bakker, Demerouti, and Schaufeli, 2003).
First Stage

The research from 1948-1990 may be termed as first stage of research with more technological orientation. The research in call centre model started with early telephony with Erlang (1948) and for the next three decades operational research models, forecasting (customer traffic), industrial engineering, and simulation are the mainstream of research. From 1980s, the business applications and human-computer interactions were given importance, followed by studies into the ergonomics of call centre work. Mandelbaum (2004) compiled research in these domains starting from early studies of Erlang. From 1990, the industry started growing exponentially and research started in managerial aspects of call centre.

Second Stage

In the second stage ushered in research for the past decade in different parts of the world addressed the issues from different perspectives (Russell, 2008). Initially researchers were preoccupied with what constitutes call centre and how they are different from other service delivery organizations. Additionally, researchers considered the call centre as an object or unit of analysis *sui generis* that is, as a new socio-technical system for the production and delivery of information that is worth studying for its own sake (Russell, 2008), suggesting that working with outdated assumptions about organization of capital and labour may not be helpful (Rainnie et al., 2008). The studies spanned around remuneration, cultural management, monitoring of employee performance, emotional labour\(^3\), high performance work systems, strategic management, and other related social, psychological and human resources phenomena. Discussion paper by Fernie and Metcalf (1998), provided framework for understanding of call centres work and organizational analysis (Sewell and Wilkinson, 1992, Sewell, 1998; Russel, 2006). The focus of study was on management control and remuneration. The employee’s performance is observed for the entire days’ work including lunch breaks and management control was exercised based on the real time feedback. Therefore, the call centres are characterized as electronic sweatshops\(^4\) with panoptic\(^5\) controls. In this study for the first time, call centre employees are portrayed as new occupational category.

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\(^3\) Hochschild (1983) defined *emotional labour* as the management of feeling to create a publicly facial and bodily display. It involves managing emotions so that they are consistent organizational or occupational display rules; regard less of whether they are in resonance with internal feelings.

\(^4\) *Sweatshop* is a working environment with conditions that are considered difficult or dangerous. Usually the employees, predominantly woman and children, have few opportunities to address their situation and unsure of their employment and do not know their ultimate employer and know only their contractor generally referred as sweater. This can include exposure hazardous situations, extreme temperatures, or abuse from employers. They often work long hours for little pay or laws may be violated. Sweatshops usually employ low levels of technology, but may produce many different goods such as toys, electronics, clothing, and furniture.

\(^5\) *Panopticon* is a type of building designed by English philosopher and social theorist Jerome Bentham in 1785. The concept of the design is to allow an observer to observe (*-opticon*) all (*pan-*) prisoners without the prisoners being able to tell whether they are being watched, thereby conveying Panopticon as "a new mode of obtaining power of mind over mind which is termed by Foucalt (1977) as panoptic control."
distinct from clerical positions of the past. However, characterization of call centres as sweatshops is not vindicated by their research. Taylor and Bain (1999) study on BPO paved way for better insights.

The arrival of BPO sector is due to deregulation, rise of global competition and globalization (Ellis and Taylor, 2006). The strategy of BPO was a response to need for reducing costs and efficient delivery of information to customers. This led to re-examination of labour costs and cost reduction became the prime aim of organizations. As an outcome of this emphasis, BPO operations stand for Taylorization of white-collar work, subjecting work to templates of scientific management makes for an intense labour process. The research paper was titled Assembly Line in the Head (Taylor and Bain, 1999), based on the work of making recording and actioning, conversation is subdivided into discrete elements, precise targets are set, and employees are made accountable and remunerated for the same (Bain et al., 2002). Due to less control over their jobs and work intensification, it led to job stress (Taylor et al., 2003). There is no possibility of constituting teamwork, as nature of tasks does not have possibility of creating teams (Van den Broek, 2002; Van den Broek, Callaghan and Thomson, 2004) and formation of teams only lead to team taylorism (Bain and Taylor, 2000, 2002a, 2002b; Baldry, Bain and Taylor, 1998). However, Korczynski (2003) based on study of four call centres, points to the fact that customer interaction is not always painful and some time the employees enjoy the interaction with customer and get disillusioned when faced with customer abuse. In order to overcome some of the pains of customer relations, the employees form communities of coping6, in the process overcome the problem of stress. The other point is balancing of call timings and ensuring customer service. The higher the time taken to satisfy all the customer needs- higher will be the customer satisfaction albeit with increase in costs and very few BPO organizations choose to ignore costs.

This limits the potential amount of variation in management control that is possible (Houlihan, 2000). Thus, BPO operations call for familiar forms of managerial challenge- eliciting employee co-operation, emotional labour and discretionary work effort, while minimizing worker resistance. Frenkel et al., (1998, 1999) suggested in place of Tyloristic bureaucratic control, ‘info-normative system of control’ due to involvement of customer in the service delivery process. This is articulated by Whyte (1946) who suggested that when customers and employees meet that relationship adds a new dimension to the pattern of human relations in industry. The employees are requested to empathize with customers and this leads to looking at the interaction in a different direction. These are hybrid systems of management, while retaining the essential features of bureaucratic control such as compliance with rules and procedures; also introduce elements of professional or knowledge work such as empowerment and autonomy. Information technologies supply data on performance, while work place norms foster identification with the customer and his needs (Korczynski et al., 2000). The info-normative control is characterized by ‘facilitative styles of management,’ where information on performance is used for coaching and developmental purpose rather than for disciplinary purpose. In terms of employment, the employees assume the role of semiprofessional employees. The unit task in BPO operation is interaction with a customer for a very short period giving rise to shorter work cycle. Discretion building for an employee is difficult while considering work design and to extract cost economies. It is the limitation of info-normative system and its use is limited. Fleming and Spicer (2004) addressed the issue of social geography. They studied the change in the separation of workplace and private domains of life and focus on the study of work and non-work boundary in contemporary organizations especially in call centres. They argue that there is a two-way cultural process, whereby practices considered as domain of organizational life are transferred into the homes of employees, and private activities are carried out in organization. This is also supported by

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6 Coping here refer to ‘the way employees get through their working day,’ particularly how they deal with, and survive, the pain, which abuse from customers can bring. Communities of coping can be seen as an important collective “survival strategy,” for service employees. (Noon and Blyton, 1997, p.140)
study of Kunda (1992) regarding high tech corporations that tried to appropriate as much time as possible of employees into organizational work, making them think that they are tech employees all the time. Because of this approach, the employees experienced burnout and role contradictions and other kind of pathologies.

BPO industry in a similar vein, through their cultural management, expect their employees to have fun, partying, joy, fulfillment, friendship and even sexuality are appropriate in workspace. Similarly, employees are requested to bring homemade food to be shared by others and things that are dear to them are required to be brought to office. In the process, the social geography of work and non-work is blurred and resulted in higher stress of working at the cost of family and other social relations.

Kinnie et al., (2000a, 2000b) characterized the call centre as a paradoxical relationship between surveillance and fun. In this context, BPO organization created managerially constructed games and other planned social activities as an attempt to ameliorate the oppressive aspects of the labour process; this was characterized as manufactured sociability. Initiatives such as fun factor, team hypes, symbolic awards, selective recruitment of young persons, focused training, performance related pay on the part of human resources management are also tried. These interventions are termed by researchers as ‘fragility of fun’ (Houlihan, 2002), if they are followed by strict job designs and low trust managerial practices (Alferoff and Knights, 2001).

Two important questions can be discerned from the research- are different workflows possible and if so under what conditions? Second, can they make a difference to the way in which employees experience their work? Typologies are proposed for tasks to be performed by different authors (Batt and Moynihan, 2002; Fernie, 2004; Kinnie, Purcell and Hutchinson, 2000; Wallace, Eagleson and Waldersee, 2000) - such as differentiating between transactional, relational and hybrid forms of interaction with customers, under different regulatory regimes such as authoritarian, unionized and employee involvement. One of the important suggestions is the adoption of High Performance Work Practices, which is designed for manufacturing organizations. However, the practices designed need to be tailored to the needs of the BPO operations and there is cost associated with the strategy in the form of higher bonuses. Therefore, High Performance Work Practices in BPO industry experienced limited success.

Study by Wallace, Eagleson and Waldersee (2000) focused on the work performed when customer is involved in the service production process. They argued based on study of employees in Australia, that employees were selected based on their customer relating traits and they like the job. However, they showed resentment for customer showing their anger towards them (called as customer abuse). They also felt demoralized; as they are not able to relate to co-employees with their problems as work design has no provision for the same. The researchers proposed ‘Sacrificial Human Resources Strategy.’ They suggested using two types of managers, line and relations oriented managers. While line managers control the targets and performance, the relationship managers try to reduce the stress related to work. They argued that absence of relations-oriented managers lead to problems. The strategy did not propose any measures; its focus is to absorb the stress as a natural outcome.

Cohen and El-Sawad (2007) studied call centre of financial organization of United Kingdom, which had an Indian base. The employees are from same organization and geographically separated. The finding of the research was that
Indians did not lose their identity and they could maneuver the cultural labyrinth and perform to the expectations of their organization.

**Gendered Workplace**

One of the important phenomena pointed out by researchers is gendered workplace in BPO industry in different parts of the world. Women are constructed as ideal workers in many call centres. Call centre work is the epitome of what is commonly seen as women’s work; providing good service on the telephone require skills associated with hegemonic femininity, such as being nice, making customers feel comfortable, and dealing with tough customers (Steinberg and Figart, 1999; Leidner, 1999). Salzinger (2003) traces the ways in which women are considered as ideal workers an femininity has been closely linked to productivity, and masculinity to sloth and disruption (Ong, 1991; Carty, 1997; Bergeron, 2001).

While this is the condition in other parts of the world but in India, the situation is different.

There is no gender discrimination in employment in BPO, women and men are treated equally for payment of wages and other benefits as per NASSCOM Report 2006. Men represent 65.9% and women represent 34.4% of the work force in the study conducted by Data Quest in 2009.

**Commonalities and Differences in BPO Operations in Different Countries**

Holman, Batt and Holtgrewe (2007) conducted one of the most important studies on BPO organizations across 2500 centres at 17 countries from 4,75,000 employees indicating commonalities and differences in call centre operations that provide insights into their working. The countries studied are clustered into three groups suggesting that national labour markets influence management strategies.

*Coordinated or social market economies*—they are with relatively strong labour market regulations and influential labour market institutions such as unions or work councils. The implications for employers are, the wages are to be negotiated with unions or work councils and employees are to be provided with work place that takes care of occupational health of employees and also enforced by state – the countries are Austria, Denmark, France, Germany, Israel, Netherlands, Spain, and Sweden.

*Liberal market economies* are those with more relaxed labour market regulation with less influential labour market institutions such as unions. The implications for employers are less of labour unions involvement in wage negotiations; however, they need to take care of occupational health of employees and other legislations- the countries are Canada, Ireland, United Kingdom, and United States of America.

*Recently developed economies* are Brazil, India, Poland, South Africa, and South Korea that are having few labour market regulations with no major unions or statutory requirements to take care of employee’s occupational health except for South Korea.

**Age of Operating Firms**

The average age of firms surveyed is eight years (in 2007), ranging from a high of fourteen years in US to a low of six in India, indicating relative novelty of industry to the business world.
National and Global Markets

The important characteristics of this industry are relative mobility, flexibility, and ease of workflows routing to different organizational locations leading to scale economies. These have led to locational changes in different organizations from high cost locations to low cost locations. Nonetheless, the survey indicated that 86% serve local, regional, and national markets with exception of India serving 73% of international markets. The spread of industry is based on historical language ties and culture- France to Morocco, Spain to Latin America, between US and UK to India, Canada to South Africa.

Business Strategy

The organizations have a choice to develop BPO operations (in-house operations), offer the same service through third parties, or sub-contractors. Globally 67% are in-house operations, with exception of India 80%, working with sub-contracting mode. A typical sub-contractor may handle more than one organization to maximize use of labour force. Firms in India handle twenty-five clients across different verticals. (Thite and Russell, 2007).

Customer Segmentation

The technology helps to reach different segments of the market. Seventy five percent of BPOs serve general or mass market, where the volume of service and sales transactions are highest, with 25% serving business-to-business markets. The employees of mass market serving BPOs are having high standardization of work generally in the form of pre-prepared scripts with least leverage for operators to deviate from scripts and subjected to higher levels of supervision giving rise to human resources issues. The business-to-business BPO employees are found to have less standardization with less supervision.

Common organizational features

The BPO organizations have flat structure with on an average 12% of employees consisting of managers, indicating less chance for career progression. The front line workforce consists of females 69% with exception of India 40%. Only 20% of organizations globally adopted twenty four hours operations compared to majority of Indian BPOs adopting twenty four hours and seven days a week operations(24×7). The performance matrices followed by BPO organizations across the world are remarkably same. For a standard call, the time allowed for an operator is one hundred and ninety seconds or three minutes and ten seconds with least variation in different countries.

Selection, Staffing and Training Strategies

Psychometric tests, aptitude tests, realistic job previews are used for selection of candidates in that order. Globally 50% use tests, BPO organizations in liberal and industrializing countries use selection tests more extensively than in coordinated countries. The average selection rates globally are 20% and in India, it is lowest with 7%. Globally only 22 % rely on university graduates. However, in India only college graduates and engineers are selected compared to any other country in the world. Indian BPO’s use extensively selection tests for all candidates to be selected. Globally 15 days training in classroom is given for employees and they generally take 11.5 weeks to be proficient in their job.

Nonstandard Work Arrangements and Flexibility

Full time, part time, or temporary contracts are used due to demand fluctuations. Globally 71% of jobs are of full time, 17% part time, and 12% temporary of nature. However, in India 97% employees are full time. Coordinated economies use non-standard arrangements due to pressure of unions work agreements. Globally thirty five percent provide
flexible arrangements such as job sharing, telecommuting, and flexi time to balance family and work. Forty percent in coordinated economies and UK provide such flexible arrangements. In India, no flexible work timing is provided to increase work-life balance of employees.

Work Organization

Work organization is examined in the context of job discretion and work monitoring by managers. In-house cameras monitor the performance of employees for comparison with standards, and performance appraisal. Job discretion refers to the amount of choice that employees have while performing job tasks-such as pace of work, work methods and procedures, timing of breaks and lunch and response to customers. If the call timing standards are violated, the data of performance is displayed on the same day with comparisons with other employees and standards. High level of standardization of work, scripting of text for call handling efficiencies, with high performance monitoring by managers lead to boredom, stress due to routinization and repetition. Therefore, high job discretion and low monitoring are considered as high quality jobs. Liberal markets have fifty-one percent with job discretion; coordinated economies have thirty percent with job discretion and in India with twenty-five percent have job discretion.

Performance and Monitoring

Calls handling times, task times, call-waiting times are monitored and supervisors can listen to employees’ interaction recorded as well as online talk with customers at their discretion. In turn, they are provided with feedback on a weekly, monthly, and quarterly basis. Globally, feedback is given fortnightly. In India several times in a week feedback is provided to employee.

Teamwork

As the technology ensures individual performance and ease of monitoring teamwork has not been used as a managerial control process- globally sixty percent and in India, ninety percent use no teamwork. However, eighty percent of the organizations use problem-solving teams with three percent employees participating.

Collective Representation and Compensation

Globally seventy seven percent of the organizations have some kind of collective bargaining with unions and work councils in coordinated economies and liberal economies. However, in India there is no mechanism of collective bargaining. Pay relating to performance is adhered by the industry and globally 15.3 % is paid as performance pay. Most incentives are paid based on individual performance. The average annual income converted in to US dollar base as on 2007 provides the following results. The Indian employee equivalent is calculated for comparison purpose.

Table 3: Annual Earnings of Call Centre Agents and Managers (Dollar Value as in the year 2007)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Call Centre Agent</th>
<th>Call Centre Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Salary</td>
<td>Indian Employee Equivalent</td>
</tr>
<tr>
<td>Social Market Economies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>16,867</td>
<td>6.32</td>
</tr>
<tr>
<td>Denmark</td>
<td>44,516</td>
<td>16.69</td>
</tr>
<tr>
<td>France</td>
<td>22,755</td>
<td>8.53</td>
</tr>
<tr>
<td>Countries</td>
<td>Call Centre Agent</td>
<td>Call Centre Manager</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Germany</td>
<td>33,264</td>
<td>75,600</td>
</tr>
<tr>
<td>Israel</td>
<td>9,333</td>
<td>16,267</td>
</tr>
<tr>
<td>Netherlands</td>
<td>16,770</td>
<td>61,920</td>
</tr>
<tr>
<td>Spain</td>
<td>17,690</td>
<td>62,220</td>
</tr>
<tr>
<td>Sweden</td>
<td>30,618</td>
<td>43,200</td>
</tr>
</tbody>
</table>

**Liberal Market Economies**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Call Centre Agent</th>
<th>Call Centre Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>34,165</td>
<td>60,000</td>
</tr>
<tr>
<td>Ireland</td>
<td>28,800</td>
<td>58,560</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>27,300</td>
<td>50,116</td>
</tr>
<tr>
<td>USA</td>
<td>29,000</td>
<td>60,000</td>
</tr>
</tbody>
</table>

**Recently Developed economies**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Call Centre Agent</th>
<th>Call Centre Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>4,484</td>
<td>26,906</td>
</tr>
<tr>
<td>India</td>
<td>2,667</td>
<td>8,889</td>
</tr>
<tr>
<td>Poland</td>
<td>6,954</td>
<td>18,300</td>
</tr>
<tr>
<td>South Africa</td>
<td>10,588</td>
<td>31,324</td>
</tr>
<tr>
<td>South Korea</td>
<td>13,816</td>
<td>34,736</td>
</tr>
</tbody>
</table>

**SOURCE:** Adopted from Holman, D., Batt, R. & Holtgrewe, U. (2007). *The Global Call Centre Report, Global Call Centre Project.* p. 28. (Researcher added the Indian Employee Equivalent)

An analysis indicates that Indian employees are paid lowest compared to other economies as well as within the industrialized economies. The overall employee wage cost globally is sixty-five percent with India having thirty-eight percent, which is lowest in the world. This indicates Indian industry is most competitive in pricing and with respect to quality of workforce higher than any other country in the world. At the same time there are no statutory norms for taking care of the employees.

These hyper profits give rise to unique kind of allowances such as ‘dating allowance’, night partying at the cost of company, violating every aspect of culture in the name of the American culture prevailing in the organizations. Forty one percent of the night duty employees smoke as a measure to overcome stress with no efforts from the organizations to take care of employee health. Lack of collective bargaining and youthfulness (82.4% of employees are between the age group of 21-30), with no established norms of the industry, Indian Business Process Outsourcing employers are exploiting the youth. This aspect need to be considered by Government as some of the women employees are given contraceptives to delay pregnancy as alleged by CPI (M) member of parliament on 9th March 2011(www.indianewsblast.com/2011_03_06_archive.html).

**Outcomes of work and Job Design**

The overall employee turnover globally is twenty percent, with Austria having four percent and India forty percent. The turnover cost of a call centre employee is sixteen percent of annual gross earning of an employee, which is
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equivalent to two months’ pay. In India, the cost is eight percent. Employee sick rate globally is six percent of workdays, with Israel having only one percent with India having eleven percent of workdays. Discretion to perform tasks and intensity of monitoring are factors found to affect the job satisfaction. High discretion to perform tasks and low intensity of monitoring are classified as high quality jobs and provide higher job satisfaction to the employees in turn contributing to fewer turnovers. The data indicate the trends globally forty-three percent jobs are high quality jobs, with fifty-two percent of low quality jobs, while in India three percent high quality jobs, with eighty-two percent jobs with low quality. Regarding tasks in Indian BPO sector, employees- are given fictional names and addresses in customer country and they are asked to mimic mostly English accent of the client country, which is called scripted taylorism (Mirchandani, 2004). This also leads to loss of identity and propensity to leave organization according to work by Das, Dharwadkar and Brandes (2008). This is in addition to experiencing less control on work with higher monitoring than their western counterparts monitor. Research by D’ Cruz and Noronha (2007) using case study methodology with technical call centres in India indicates that the tasks in the Indian technical outsourcing are having higher variety, with complexity, autonomy of work promoting employee well-being and satisfaction. D’ Cruz and Noronha (2007) argued that the claim of characterizing BPO operations as contemporary Tayloristic sweatshops is an oversimplification. Considering labour force of India consisting of mixed gender profiles with higher educational qualifications compared to their western counterparts and employing western human resource strategies of strategic recruitment, performance management and incentivized remuneration have no effect on the employee attrition. (Batt, Doellgast and Kwon, 2006; Bhatnagar, 2007; Budhwar, Luthar and Bhatnannar 2006a, b; Budhwar and Malhotra, 2008; Thite and Russell 2007). The research with respect to India and rest of the world has provided a wide canvass of issues and challenges in BPO industry with very less agreement on solutions. The other important dimension is the changing nature of work and organizations. Standing (1999) pointed out the crumbling of what he described as labour market security, which is a result of insecurity in employment, insecurity from income of employment and fragmentation and detachment of social protection regimes. Feltstead and Jewson (1999), point to a worldwide growth in flexible labour, new forms of work such as temping7. There is erosion of unions and governmental controls. Grugulis, Warhurst and Keep (2004) suggested emergence of the hourglass shaped occupational structure where skills are polarized implicitly suggesting disappearance of middle level jobs. In present economy, it has been argued that, there are few highly skill oriented jobs with very high salaries and large number of low skilled jobs with lowest salaries giving rise to low skill ecosystem. They argued that while jobs at low skilled areas increasingly became multifaceted the control of employees over their work did not rise, instead due to technology- task discretion and autonomy declined. The present organizational structures, unlike in the past, based on supply chain management, business process outsourcing, globalization and global delivery model lead to blurring of employee-employer relationship. In this scenario, in a debate between Glucksman (2004), Taylor and Bain (2007) about research in call centre work suggested that it is to be shifted to robust “economic sociology.” A growing body of work argues that important changes are taking place in the nature of organizational structures leading to networked organization and network economy. DiMaggio (2001) concurs with this proposition, saying that the change is striking, but the long-term effects are yet to be perceived. Schienstock (2002) viewed the network concept as a new techno-organizational paradigm,

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7 Temping is short contract employment where employee is employed for shorter durations of work ranging from two to three hours a day with no significant employment benefits.
or an organizational Leitbild\(^8\). The network forms may include clusters, public-private partnerships, multi-client service organizations, multi–employer-work-sites, agencies, and franchises. De Man, (2004) defines Networks as "select sets of multiple autonomous organizations, which interact directly or indirectly, based on one or more alliance agreements between them. The aim of network is to gain a competitive advantage for the individual organizations involved and occasionally for the network as a whole."

Locke (1976) defined job satisfaction as a pleasurable or positive emotional state resulting from one’s job or job experiences. Job satisfaction also has been shown to have a significant relationship to employee turnover (Schlesinger and Zornitsky, 1991; Testa, 2001). Employees who are satisfied with their jobs are considered stable with their organizations (Hartman and Yrle, 1996). Growth in the interest of the quality of work has caused researchers to investigate various aspects of jobs and their contributions to improving productivity over a long period. Among these aspects, job satisfaction is considered the most often researched organizational variable in the organizational behavior literature (Blau, 1999). Beck (1990) reported that almost all aspects of job satisfaction, including various theories, measures, and definitions, as well as the motivational, emotional, and informational components, have been discussed in the management literature. An important link in the chain from the firm to repeat business is the link between satisfied employees and satisfied customers (Heskett, Sasser, and Schlesinger 1997). Job satisfaction showed to influence customers’ perceptions of the quality of service (Rafaeli, 1989; Schneider and David 1985).

**Study by Occupational Physicians**

In a study of French BPO organizations studied by human resources experts and occupational physicians, Choffat, Desbazell and Eugene (1999) reported that the mental strain involved in these new kinds of job would seem to be more than for other similar occupations. The physical demands of the job persist, but psychological and mental demands have become predominant. Occupational physicians have observed an increasing number of complaints from employees related to stress and working conditions. Some authors speak of “job-strain” to refer to a combination of high demands and low decision latitude (Brisson, Larocque and Moisan, 2000; Niedhammer et al, 2006), while a combination of high demands, low decision latitude and low social support has been referred to as “iso-strain” (Niedhammer et al, 2006). Similar study in United Kingdom by (Hyman et al, 2003) conformed work life imbalance in the call centre employees. Since occupational physicians conducted the study, it is also right for mentioning the characteristics of sample. The population was 71.9% female, with a mean age of 32.4 years (median: 30 years). This young population included a large proportion of singles (884; 41.7%); 1,311(62.0%) were childless.

The general educational level was high, 68.2% of French employees having at least 2 years’ higher education. Most (1,937; 91.2%) had permanent work contracts. The demographic typology of the employees studied is similar to that of Indian employee and may be explored for research. In the present, psychological demands were considered high for 56.1% of employees. High psychological demands can be a good thing if associated to high decision latitude but in the present study, it was associated to low latitude for 34.5% (job strain). Taking account of organizational limitations, French physicians, and work psychologists of United Kingdom concurred and recommended that there should be efforts to be focused on increasing employee autonomy (HSE, 2003). They established empirical evidence that a significant correlation

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\(^8\) Leitbild: A set of general ideas of effective production and business structures.
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between workload, task monotony and the occurrence of episodes of emotional exhaustion in their population of call-center employees. Social support from co-workers and superiors is often a good defense against stress; a call-center employee who feels supported by his or her supervisor will have a more positive perception of controls, show less absenteeism and fewer tendencies to emotional exhaustion (Deery et al., 2002). In summary, job stress should be combated with higher job latitude or autonomy with social support and the researcher agrees these findings.

SUMMARY OF DIFFERENT APPROACHES TO RESEARCH AND CONCLUSIONS

The contribution of labour process theorists Fernie and Metcalf (1998) focused on the management control, wage payment, and continuities with past practices in the new work place. Frenkel et al., (1998) argued that bureaucratic system of management has to be modified in workflow that are relating to information provided to service industry with informative control. Taylor and Bain (1999) focused on the employees control over tasks and management control. Employees do not control the pace of work and work content but by automated computer systems and all the activities of employee is captured visually and monitored by managers leading to taylorism of work. Kinnie et al., (2000a) emphasized the role of manufactured sociability by management. Wallace, Eagleson, and Waldersee (2000) focused on the customer-employee interaction for suggesting sacrificial human resources strategy. These studies indicate that there is agreement with respect to problems or issues of BPO industry but there is less agreement as far as solutions are concerned. Present studies assume stability and continuity of economy, society, its institutions, and values of people and their relation to social institutions. Information and communication technology influenced all dimensions of society by its intensity and pervasiveness changed the social institutions such as education (lifelong education), employment (entering employment and leaving due to voluntary and involuntary conditions such as economic depression), migration, and entering a relationship. These trends are further accelerated by globalization and giving rise to questioning of present assumptions with respect to people, economic, social institutions. The issues of occupational physicians suggesting interventions such as reduction of workload as the profitability and costs are the lowest in the world, reduction in task monotony by appropriate job rotation and treating episodes of emotional exhaustion with the help of occupational therapists who are nonexistent at present in India. Social support from co-workers and superiors is often a good defense against stress; a call-center employee who feels supported by his or her supervisor will have a more positive perception of controls, show less absenteeism and fewer tendencies to emotional exhaustion as it has been indicated. In summary, job stress should be combated with higher job latitude or autonomy with social support.

REFERENCES


