



# REVIEW OF RESEARCH

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## "GROWING STEPS OF BPO AND KPO: NEW HORIZONS FOR FUTURE GROWTH"

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### 1.1 INTRODUCTION:

Before independence era India used foreign goods which were imposed by British people. So, our treasury become empty from that period. Dadabhai Nauroji propounded a theory of 'Money-Drain.' After independence our population become over. We have facing the problem of unemployment. The country's unemployment is estimated to have risen to 18.6 million in 2018. In percentage the unemployment rate for India is 3.5%. The educated, skilled and intellectual people in India search out the high pay jobs in the developed countries e.g. doctors, advocates, researchers, scientists are settled in America, Germany, Russia, France, Australia, Japan, Norway, Sweden. Philippines, Mexico, China etc. So the new problem create of 'Brain-Drain'. We lose quality human resource. The developed countries are getting benefits from that people by way of 'Intellectual Property Rights'(IPR's). Then, we also loose the industrial as well as economic growth.

Due to globalization the world economy become open. In globalization every country has equal opportunity in the world trade. The number of Multi –National Corporations and Transnational Corporations has been started and Joint Venture, Foreign Collaboration contracts are made among the various countries. Therefore, Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) become more popular at the Worlds level. Developed countries are demanding such services from the developing and under developing countries. India is one of them a dominant country in the World.

### 1.2 RATIONAL OF BPO AND KPO:

After globalization BPO and KPO activities extended in a large quantum. In the developed countries there is a scarcity of skilled manpower and the cost of employment is higher than the developing as well as underdeveloped countries the example is cited in different countries in US dollars are as follow:

**Table No. 1.1 - Call Centre Employee Cost**

Sr. No.	Name of the Country	Cost (USD/YR)	Percentage
1	USA	19,000	100%
2	Australia	17,000	89.00%
3	Philippines	9,050	48.00%
4	India	7,500	40.00%

As per the above table No. 1.1 prevails that, the cost of Call Centre Employee is lowest in India. India has qualified and skill staff in a large number. This cost in percentage in USA is 100%, in Australia it is 89%, in Philippines it is 48% and in India it is 40% only. As compare with above four countries India's Call Centre Cost is rather cheap. So, the developed countries are demanding the employees from India.

**Table No. 1.2 - Expansion of Global Market**

Sr. No.	Year	Size of (USD/Bh)	Percentage
1	2000	119	24%
2	2005	234	47%
3	2008	310	62%
4	2018 (Estimated)	500	100%

As per the above table No. 1.2 indicate that, the size of global market is growing at the rate of more than 10% per annum. The global market has extended. The global market has extended four fold from 2000 to 2018. That means there is much scope for every country.

India has encouraged many firms to start outsourcing their high-end knowledge work as well. Cost savings, operational efficiencies, access to a highly talented workforce and improved quality are the resources for off-shoring, process in India. India has a large pool of knowledge workers in various sectors. This talent is soon being discovered and tapped by leading business across the globe resulting in the high end process to lower-wage destination.

### 1.3 Objectives of the Study:

- I. To study the concepts of BPO and KPO.
- II. To understand the rational of BPO and KPO.
- III. To get knowledge about present situation and scope of BPO and KPO.
- IV. To find out the causes of - Why India has more opportunity in BPO and KPO?
- V. The study the challenges before India in BPO and KPO.
- VI. To get additional knowledge about future prospects in BPO and KPO.
- VII. To suggest remedies to overcome the barriers in BPO and KPO.

### 1.4 Business process outsourcing (BPO):

"Business Process Outsourcing (BPO) is the contracting of a specific business function such as customer support, marketing etc. The BPO firm provides the required service to the for agreed consideration to the outsourcing firm."

The first type of outsourcing is 'Offshore Outsourcing', in a distant country e.g. India to USA. The second type is 'Nearshore Outsourcing', for countries that are located close to the contracting companies e.g. Mexico to USA. The third type if 'Onshore Outsourcing', within the same country but a different city or location e.g. Kolkata to Delhi, Mumbai to Bangalore etc.

#### 1.4.1 Scope of BPO:

- Supply of Skilled Force / Human Resource Services
- Consultancy and Project Report
- Software Development
- Banking Finance and Insurance Services
- Business Accounting and Auditing
- Data Collection and Analysis
- Clinical Research Services

- Medical Billing and Services
- Legal Transactions and Services
- Annual Maintenance Contract
- Canteen Facilities and Hospitality
- Housing Society Maintenance and Security Services
- Research and Development
- Information Technology Services
- Quality Assurance
- Packaging and Forwarding
- Logistic Management or Supply Chain

### 1.5 Knowledge Process Outsourcing (KPO):

"Knowledge Process Outsourcing (KPO) involves more specialized and knowledge based work. KPO calls for the application of specialized knowledge of high level. The KPO industry handles more skilled human resource."

"Knowledge Process Outsourcing (KPO) involves off shoring of knowledge intensive process that require specialized domain expertise."

#### 1.5.1 Scope of KPO:

- Pharmacy
- Bio Technology
- Education and Training
- Research and Development
- Information Technology
- Market Research
- Learning Solution
- Medicine and Medical Services
- Law – Paralegal Content
- Engineering and Automation
- Advanced Web Application
- Content Development and Writing
- Financial Consultancy Services
- Intellectual Property Right (IPR's)
- Data Analysis

### 1.6 Present Situation of BPO and KPO:

- VIII. The overall BPO services sector generated revenues of %144.9 billion in 2017.
- IX. BPO is the faster growing sector in IT, present growth rate is 20%.
- X. Global market for outsourcing is growing by 15% as against the BPO sector has grownup of India is 35%.
- XI. BPO industries current size is about \$35 billion.
- XII. The total number of employees engaged in BPO are 7 lakhs. It is 35% of the worldwide market.
- XIII. Technology, Telecom, Travel and Transportation provide opportunities worth \$20 billion.
- XIV. The Indian KPO industry have revenue \$20 billion.

### 1.7 Why India has more opportunities in BPO and KPO?

- I. India has large number of skilled workforce to undertake the various activities to BPO and KPO e.g. The Western legal firms are outsourcing in larger volumes, quality services by highly skilled professionals of India.
- II. The use of latest technologies enable Indian BPO and KPO firms to provide cost effective quality services to foreign firms. India has made tremendous progress in Computer, Information Technology, Automation and Trainings in Human Resource, Management Philosophy etc.
- III. The key employee can concentrate on core value activities like customer relationship, product development, production marketing, research and development, after sale services, automation, computer, IT services etc.
- IV. Outsourcing firm obtained specialized services from expert's e.g. legal, consultancy, fundamental projects, research and development, opportunities in new business or industrial field. Indian legal system provide legal knowledge to foreign firms.
- V. A company may pay lower amount to third party to provide services. The security services can be outsourced at lower costs. The fees charged by Indian BPO and KPO firms are lower than the firms in USA and Europe.
- VI. The entrepreneurs may come with innovative ideas to complete the outsourcing work. The outsourcing firm may benefit of quality services.
- VII. The premises are owned by the BPO and KPO owners. The outsourcing firms need not invest in certain fixed assets.
- VIII. The outsourcing firm can deliver the goods and services to the KPO and BPO owner on time in the market.
- IX. Customer satisfaction is the outcome of the correlation between quality of goods and services and customer expectation.
- X. The overall improvement in the efficiency enable the firm to serve its customers more effectively, thereby it failing the challenges of the competitors. The firm can increase the demand for its goods and services at national as well as international market.
- XI. The outsourcing firm to improve performance thereby enhancing the image of the firm in the minds of stakeholders.
- XII. The companies accessing KPO and BPO services can be assured of the security of data which they share with Indian BPO and KPO firms.

### 1.8 Challenges of Barriers in BPO and KPO:

- I. The outsourcing firms may not understanding the culture of the BPO and KPO service provider and this may lead to poor communication and less effective or lower productivity. Communication can be a challenge due to legal formalities, different languages and cultural barrier.
- II. If we decide to enter in the market of new country, the sales team of our country have a problem of different languages. Without effective communication it is not so easy to impart the BPO and KPO services at the international level. The employee might be highly skilled, but mistakes due to miscommunication can turn out to be very costly.
- III. Outsource to India is a premier outsourcing company that has extensive in BPO and KPO services to companies across the globe. Our BPO and KPO departments offer customized services that cover a wide range of industry verticals. All of our services are cost competitive, helping you make significant cost saving and focus on core competencies.
- IV. The Outsourcer may also have to spend a lot of times and efforts in getting the contract signed and renewed. Hidden costs and legal problems also arise if the outsourcing terms and conditions are not clearly defined.

- V. The service provider might be catering to the needs of several companies, they will not be able to give every company 100% attention. The BPO and KPO employees may not be well versed with product functioning. As per the feedback taken from the customer, they have complaint regarding product operations.
- VI. India has face to stiff competition at the world level. The another countries like Japan, China, Mexico, Philippines, also join in BPO and KPO activities. In case the more number of countries participate in BPO and KPO activities leads to increase the competition. In future India has a problem is that, how to face the competition?
- VII. To get a proper estimation of the real cost, you have need to consider the cost of your management team's money and time spent on picking the right vendor.
- VIII. The BPO and KPO service providers may not be driven by the same mission and standards as usual the outsiders firm. The service providers more driven to make a profit rather than focusing on the quality standards. The company is likely to lose contact with the consumers as direct marketing is often outsourced.
- IX. In the Western World, security is a very major problem it is less so in the developing countries. Hence, you have to be careful about what system privileges you are giving to the outsourced company, or invest more money in exchange for a more expensive company.
- X. There is a possibility of misuse of outsourcing company's sensitive or important information. The third party service provider may leak information about the firm's processes to competitors. There is a risk that the company's secrets might be leaked out.

### 1.9 Future Prospects of BPO and KPO:

- XI. India continues to retain as the top BPO and KPO destination because it has abundant, skilled manpower.
- XII. In financial and environment services India would act as hub.
- XIII. Large BPO and KPO services providers are expected to move to multi – location delivery Centre's.
- XIV. India will develop foreign trade relations with the developed countries and it improves the growth of trade at the international level.
- XV. The global BPO and KPO industry is estimated to the worth around 300 billion dollars, of this the share of Indian companies around 10% of offshore product and services.
- XVI. In the developed countries e.g. Us, European 50% companies are using outsourcing in multiple activities. So, India has wider scope for increase in BPO and KPO activities.

### 1.10 Conclusion or self-opinion:

India is enough supply provider of skilled manpower to the world. It has advanced and update technology. The intellectual experts and consultants are engaged in various sectors. The Government of India also has given more initiatives to the private entrepreneurs for starting BPO and KPO activities. The developed countries in the World are always required and depend upon the developed and underdeveloped countries. So, in future India has bright prospects in BPO and KPO.

India offer custom-designed BPO and KPO services that are based on specific business requirements. With our cost effective services, timely deliveries and guaranteed quality, our companies can make informed business decisions and get ahead of the competition. In present situation BPO and KPO has challenge before India but if it has use the remedies for overcoming the barriers in these sectors than, definitely India will succeed in BPO and KPO. By this way with exploring the BPO and KPO activities India will develop its trade relations in the international market and it also will get the benefits of Multinational Companies, Transnational Companies, Joint Ventures and Foreign Collaborations. Then, India will become enrich in industrial as well as economic development.

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