

**AN ANALYSIS AND FORECAST OF EMPLOYMENT
OPPORTUNITIES IN BPO COMPANIES WITH
REFERENCE TO CHENNAI**

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ABSTRACT

India is one of the largest democracy countries in the world, is a huge country located in the south Asia with an increasing population of over one billion, the second largest in the world after China. The industrial sector is one of the important sectors of the Indian economy both in terms of its spread over the economy and its contribution to the generation of income, employment and foreign exchange earnings. Among these three, employment is the most important concern for all the nations. 'Employment' the word itself gives more happiness and confidence in the people's mind especially among the youngsters. It is an important part of every person's life; it gives identity to the people and those who don't have jobbed often feels socially excluded. According to the statement given by our Former president A.P.J Abdul Kalam Azad in 'India Vision - 2020' that India can build a major economic infrastructure for both manufacture and service sector and use it to generate great wealth and employment for the people. Both manufacturing and service sectors are providing employment opportunities to the people. But service sectors are contributing more towards the employment of people. Among the service industries, ITES and BPO Sectors are providing enormous job options to the needy especially the young persons in the country.

This study is going to describe employment opportunities; nature of employment, KSA needed for entering into BPO Companies.

Key words: BPO, KSA, Employment, outsourcing

“Do what you do best, and outsource the rest”

Tom Peter, Co - Author of “In Search Of Excellence”

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INTRODUCTION

Youth unemployment is a major problem faced by many countries. It may leads to the unequal economic growth and formal job growth and also, the mismatch in skills between those demanded by the corporate and those attained by the candidates in schools and colleges. India's population growth increased from 350 million people in 1950 to approximately 1.2 billion people in 2005, 1.30 billion in 2009 and it's going on increasing. Considering the country's increasing population, the youth should be engaged in new opportunities and choices in the arena of employment and look inwards for the generation and maintenance of employment.

Though many companies are contributing towards the employment opportunities to control the unemployment, BPO companies are playing vital role in providing employment to the youth with not much yardsticks like education, economic class or location etc. In spite of that even the society, the people around us is not giving proper recognition to the youngster who work in BPO's. But now days, the trend is being changed. Also the nature of employment i.e. work culture, work timings, nature of job etc. in BPO is quite different from other companies.

REVIEW OF LITERATURE

Employment:

There is no proper definition for employment. Employment can be defined as per the dictionary is "the state of being employed or having a job. Employment means any socially desirable activity which occupies or engages the attention of an individual in a regular pattern, consistently and persistently, in anticipation of some kind of benefit in return".

According to SC Employment Security Commission Hand Book, updated on 22/06/2006, source: www.sces.org, the term "employment" means service performed for wages under a contract of hire, written or oral, expressed or implied, including service in interstate commerce. According to the recent round of the national surveys, the unemployment rate in India is 7.2 per cent. Social Sector: Employment and Unemployment – A Brief Review, page no. 112, source: www.epwrf.res.in

KSA:

Clark, D (2010) in his article, "Bloom's Taxonomy of learning Domains: The Three Types of Learning:", says Knowledge Skills and Attitudes are considered part of the three domains identified in the educational styles of learning activities. Benjamin Bloom was the person who associated these to the learning process. He believed that knowledge referred to the cognitive

process of mental skills. Attitude was related to the affective area that has to deal with feelings or emotions and skills the psychomotor process of manual or physical skills. These three can be seen as the goals of the learning process after a learning episode has occurred.

BPO

Ashish Chand, in his article “Evolving ITES Capabilities” Published in the edited book “business process outsourcing – Vol. II – an Indian Perspective”, Page. No 100, icfai Press, 2004 edition says the terms ‘outsourcing’ and ‘contracting’ are often used interchangeably. This, however, is a common mistake that many people make. Although the terms seem similar, they are, in reality quite different from each other. Harsh Bhargava and Deepak Kumar, in the book “BPOs: An Emerging Paradigm” published by ICFAI University Press, discusses many things about BPO and its necessity. The article “BPO: Building Profitable Organizations” by Deepak V Kuriakose , “BPO: Building Profitable Organizations” published in the book Knowledge Process Outsourcing : Perspectives and Practices by N M Shanthi, E Naveen Kumar Reviewed by G P Mrudhula, icfai press, 2007, stating that BPO decisions are largely strategic level decisions, having a bearing on tactical level operations. The article “Business Process Outsourcing: A Global Perspective” has been written by Juin Choudhury published in the book Global business process outsourcing by T P Rajmanohar, icfai press, 2007, page no. 10-15, discusses the problems facing large companies due to intense competition.

Outsourcing:

Outsourcing is a concept which is fast gaining acceptance from all sectors of business. . The outsourcing concept has existed for about 30 years but it came into prominence only around 25 years ago. The manufacturing industry in USA was the first to adopt outsourcing due to the strong dollar and competition from other countries. The article “BPO: A Global Perspective” by Lakshmi J, stresses the importance of successful foreign ventures for companies and their increasing adoption of Business Process Outsourcing to translate the foreign business into shareholder value. The book Case Studies on Outsourcing Trends - Vol. I by Girija P, “Case Studies on Outsourcing Trends - Vol. I” published by icfai press, 2007, give more insights on BPO industry. As companies attempt to focus on their core competencies, many are considering outsourcing various aspects of their in-house operations.

DEMAND FOR MANPOWER IN BPO INDUSTRY

The Indian BPO industry is set for significant growth over next 5 years. To sustain this growth, the industry will need a huge number of quality human resources. Over the last fifteen years lot of jobs have been created in US in the software and services area. There is no sufficient manpower to meet these vacancies in US. However around 50% of these jobs are expected to be outsourced.

The Indian IT-BPO industry weathered uncertainties in the global business environment, this is also the year when the industry is set to reach a significant milestone – aggregate revenue for FY2012 is expected to cross USD 100 billion. Aggregate IT software and services revenue (excluding hardware) is estimated at USD 88 billion.

During this year, direct employment is expected to reach nearly 2.8 million, an addition of 230,000 employees, while indirect job creation is estimated at 8.9 million. As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 7.5 per cent in FY2012. Its share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to about 25 per cent in FY2012.

According to The New York Times, US companies are expected to farm out jobs worth US\$136 billion by 2015. The study 'The Rising Remote Infrastructure Management Opportunity: Establishing India's Leadership' conducted by McKinsey & Company for NASSCOM, on February 7, 2008.

The key highlights of the study are:

- Total addressable market estimated to be \$96-104 billion globally
- 70-75 percent of infrastructure management roles can be off shored
- \$26-28 billion of the opportunity to be realized by 2013; over 30 percent CAGR
- India is well positioned to capture \$13-15 billion of the global opportunity by 2013; over 30 percent CAGR
- Realizing this potential could create 325,000 to 375,000 jobs by 2013

Key global megatrends around macroeconomics, demographics, social, environmental, technology and business will shape the future of the IT-BPO industry. These megatrends will present a new set of opportunities in the form of largely untapped markets and customer segments, which can propel industry revenues to USD 225 billion by 2020.

GROWTH OF BUSINESS PROCESS OUTSOURCING IN CHENNAI

People from different places of India are settling down in Chennai for jobs, especially in IT,

ITES/BPO Companies as now at present outsourcing is most growing field in not only India but in whole world. I think the credit goes to the Tamilnadu state govt. which is allowing or inviting the companies to establish their companies in Chennai. It is not only developing the position of the city but also kicking away the unemployment which is the major problem now that our country (INDIA) is facing.

Tamil Nadu was the first state in India to announce an IT Policy in the year 1997, which was instrumental in bringing the Information Technology revolution to Tamil Nadu.

A number of multinational companies like Tata Consultancy Services (TCS), Infosys, Wipro, Satyam, HCL, Patni Computers, I-Flex, Polaris and Hexaware etc. set up their campuses in Chennai owing to its high level of literacy and the finest English language pronunciation of the people. Chennai, capital of Tamil Nadu has real estate value is comparatively cheaper because of the availability of large tracts of unutilized land.

NASSCOM has released the detailed findings of the Nasscom -A T Kearney study on 'Location roadmap for IT- BPO growth: Assessment of 50 leading cities' on the five locations in Tamil Nadu, namely Coimbatore, Chennai, Salem, Trichy and Madurai. According to the report, Chennai is a 'leader location'; Coimbatore, Trichy and Madurai are 'challenger locations', and Salem is a 'follower'. The report was released during the Nasscom's fifth annual HR summit that got underway at Chennai. The inaugural session was attended by Mr C Chandramouli, IT Secretary, Tamil Nadu.

SCOPE OF THE STUDY:

- ❖ The study enables the researcher to know the employment opportunities provided by the BPO Companies in Chennai for the people. The study made the researcher to find out the employment opportunities in various services like customer interaction services, Finance and Accounting services, Translation and Transcription and Localisation services, HR services, Legal services etc.
- ❖ This study helps the young people to get to know about their profile expectations for entering into BPO's.
- ❖ It paves the way for understanding the growth of BPO/ITES in Chennai. The study helps to study the outsourcing market for India as well as Chennai.
- ❖ This study helps to study how BPO Industry creates direct employment for not only BPO employees, but also makes indirect employment for ancillary services, such as housekeeping,

security, catering, transport, language and culture training, telecom and computer equipment provision and maintenance, and real estate.

NEED AND IMPORTANCE OF THE STUDY:

Unemployment is one of the major problems faced by our country. The unemployment rate is reduced because of the contribution of services sectors. The current unemployment rate in India is 7.2. BPO Companies could solve this problem to great extent. This study analyses and forecast the employment at BPO in detail. The study helps to identify the rate of employment is being generated by BPO Industries in Chennai for the last three years i.e. from 2010 - 2012. BPO Companies provide both direct and indirect employment opportunities to the people.

OBJECTIVES OF THE STUDY:

- ❖ To analyze and forecast the employment at BPO Companies with respect to Chennai city during the period of 2005 - 2015.
- ❖ To find out and forecast the contributions of BPO Companies towards job opportunities during the period of 2005 - 2015.
- ❖ To identify the category of outsourcing services that provides more employment opportunities during the period of 2005 - 2015.
- ❖ To find out the KSA expected by BPO executives for recruitment in BPO's.
- ❖ To suggest the ways to improve the employment opportunities in BPO Companies of Chennai.

HYPOTHESIS:

The following hypotheses are tested through this research.

H1- There is no significant difference between the opinion of HR executives and employees on contribution of BPO companies towards employment opportunities.

H2- There is a significant contribution of BPO Companies towards creating employment opportunities.

H3- There is no significant difference between the opinion of HR executives and employees on contribution of BPO companies towards which type of BPO create more employment opportunities.

RESEARCH METHODOLOGY:

Research, in simple terms, Means, *“Try to Find the Truth from the Facts”*. The research methodology followed by the researcher is *Analytical and Descriptive type of research*.

Exploratory research design is been used in this study. Exploratory studies help in understanding and assessing the critical issues of problems. The instrument used for collecting the data is questionnaire. Questionnaire is widely used and important method to collect primary data for any research. Each questionnaire was distributed among employees of BPO Companies and collected. Both the primary and secondary data has been collected. The primary data was collected through questionnaire by surveying the mentioned sample unit. The secondary source consists of readily available files and documents on BPO Companies in Chennai. The sample size chosen for the study is 600 employees and 30 HR Executives of BPO companies in Chennai. Sampling techniques used was Simple Random sampling for selecting the 30 Companies from the list through lottery method. Convenience sampling is been used for selecting the 600 employees of BPO from all 30 companies. The statistical tools used for the analysis are as percentage analysis, Rank correlation, and Z test.

FINDINGS ON DEMOGRAPHIC VARIABLES:

S.No	Particulars	No of Respondents	%
Designation	HR Executives	379	63.16%
	Customer Relationship Manager	132	22%
	Project Leaders	89	14.84%
Experience	below 1 year	8	26.67
	1 yr to below 2 yrs	13	43.33
	2yrs to below 4 yrs	7	23.33
	4yrs to below 6 yrs	2	6.667
	6 yrs and above	0	0

The chart depicts the findings of demographic variables as below. The respondents are belongs to various designations like HR executives, Customer Relationship Manager and project leaders. Not only the HR executives involve in the recruitment process, Projects leaders and Customer Relationship Managers also takes part in the process. No employees are working more than six years in the organization.

FINDINGS:

The opinion of respondents on creation of employment opportunities by BPO in the future is been identified. 90% of the respondents were positively responded and only 10% of them were said no to the same.

Responses	No. of respondents	percentage
Yes	540	90
No	60	10
Total	600	100

FINDINGS ON RANK CORRELATION:

The Rank Correlation is done to find out the opinion relationship between HR executives and employees of BPO on the type of BPO which create more employment opportunities in future. Among various types of BPO's, customer interaction service BPO's would create more employment opportunities in future. The ranks of various BPO services are exhibited as below in fig..

Types of services	Rank1	Rank2	R1-R2	(R1-R2) ²
Customer Interaction Services	1.10	1.19	-0.09	0.0084
Finance & Accounting	2.07	2.10	-0.03	0.0011
Transcription, Translation	3.47	3.43	0.03	0.0011
HR Services	3.50	3.51	-0.01	0.0002
Others	4.93	4.84	0.10	0.0093
				0.0201
				0.999424365
				R2

Source: Researcher's Data.

There exists a high positive relation ($R= 0.9994$) in the opinion regarding the ranking given by the executives who involves in recruitment process and the employees of BPO Companies regarding the type of BPO which create more employment Opportunities in future.

And also Rank Correlation is been conducted to know the relationship of opinion between HR executives and employees of BPO towards candidates profile expectations. i.e. KSA (Knowledge, Skills and Attitude) expected on the candidates by the HR recruiters of BPO Companies in Chennai.

Aspects	Rank1	Rank2	R1-R2	(R1-R2) ²
Qualification	1.83	1.80	0.03	0.0009
Communications Skills	1.53	1.51	0.02	0.0005
Experience	2.93	3.06	-0.12	0.0152
Attitude	5.00	4.94	0.07	0.0042
Willingness to work in night Shifts	3.93	3.98	-0.04	0.0017
Personality	5.57	5.63	-0.06	0.0038
				0.0264
				R2
				1

Source: Researcher's Data.

There exists a high positive relation ($R= 1$) in the opinion regarding the ranking given by the executives who involves in recruitment process and the employees of BPO Companies regarding the Candidates Profile Expectations of BPO Companies.

FINDINGS ON HYPOTHESIS TESTING – Z TEST

H_0 : There is no significant difference between the opinion of HR executives and employees on contribution of BPO companies towards employment opportunities.

H_1 : There is significant difference between the opinion of HR executives and employees on contribute on of BPO companies towards employment opportunities

$$Z = \frac{\hat{P}_1 - \hat{P}_2}{\sqrt{\frac{\hat{P}_1 \hat{Q}_1}{N_1} + \frac{\hat{P}_2 \hat{Q}_2}{N_2}}}$$

$$\text{Where, } \hat{P}_1 = \frac{27}{30} = 0.9$$

$$\hat{Q}_1 = 1 - \hat{P}_1 = 0.1$$

$$\hat{P}_2 = \frac{512}{600} = 0.853$$

$$\hat{Q}_2 = 1 - \hat{P}_2 = 0.146$$

$$\therefore Z = \frac{0.9 - 0.853}{\sqrt{\frac{0.9 * 0.1}{30} + \frac{0.853 * 0.146}{600}}}$$

$$= \frac{0.9 - 0.853}{0.056635}$$

$$= 0.829$$

At 5% level of significance calculated value (0.829) is less than the table value (+ or - 1.96). So,

there is no statistical evidence to reject the null hypothesis. It can be concluded that there is no significant difference between the opinion of HR executives and employees on contribution of BPO companies towards employment opportunities.

SUGGESTIONS AND RECOMMENDATIONS

Since it is big challenge for the HR executive to retain them for a long period, they could provide the employees with various financial benefits like Employee Stock Option Plans (ESOP) which would bind the employees with the organization for a long period. In order to avoid more attrition they need to carry out strategic selection and training procedures to recruit the right type of candidates at the right time. The companies could implement knowledge management system in the organization. Knowledge Management is the process through which organizations generate value from their intellectual and knowledge based assets. The career advancement in the ITES & BPO sectors is very limited because only few personnel hierarchical levels are there in these sectors like: agent, team leader, supervisor, Centre Manager etc. They could follow flexible work options like Flexi Time, Flexi Place, Alternative Work Schedule, Part time Employment, Compressed Work Week, Job Rotation, Job Enlargement etc. in order to boost the satisfaction level of the employees.

CONCLUSION

Indian BPOs are continuously growing faster than any other sectors. The opportunities for the Indian BPOs are massive and they need to explore and utilize those opportunities in the globalize market. In 2012-13, export revenues are expected to grow by 11-14% and domestic market by 13-16%. Indian IT-BPO revenue estimated to cross \$100 million in 2011-12. India's share in global sourcing was at 58% in 2011, up from 55% in 2010. The industry expected to employ over 200,000 employees in 2012-13; currently employing over 2.8 million professional, with over 2,30,000 jobs being added in 2011-12.

The survey for this research also reveals that India, especially Chennai has lot of scope to become a no.1 destination for outsourcing. BPO Companies in Chennai are providing more employment to the youngsters and it continuously offers the same in the forthcoming years too. Though the nature of employment is quite different from other sectors, the employees of BPO are satisfied with their employment in many aspects. Finally, I would like to conclude that the BPO industries grow consistently in order to provide more jobs to the needy.

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