

## AN EMPIRICAL STUDY ON JOB PROSPECTS IN BPO: INDIAN PERSPECTIVE

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### **Abstract:**

The gamut of globalization is far reaching and yielding rich dividends to the business activities of developing countries like India. The impact of information and technology is clearly visible in augmenting the growth of business. The business houses are more prone to meet the deadline of their set objectives. The evolution of Business Process Outsourcing is an indication of enabling the organizations to nurture the available knowledge and utilizing the resources at the optimum level. In India, BPO as a career option is growing in leaps and bounds. It is very revealing that so far the youth of rural areas have not identifying BPO as a lucrative career option. The present research study was conducted on 200 youth aspirants belonging to sub-urban and rural areas of Madhya Pradesh, the second largest state of India in terms of area. The data were analyzed and interpreted and significant results were obtained.

*Key words:* BPO, career, dimensions, rural, youth, aspirants.

### **1. INTRODUCTION**

Undoubtedly, the multifaceted activities of Business Process Outsourcing is providing add on value to the organizations and enabling them to scale new heights of success in the highly competitive globalized world. It is observed that the Outsourcing of business processes enables the organizations to concentrate their valuable resources on core processes and hand over other non-core activities for others, who are specialized in it. BPO is mainly classified into back office outsourcing which comprises internal business functions like: human resource functions, finance, accounting and front office operations. The central approach of BPO lies in managing functions like: customer relationship management, payroll, accounting or allied activities to a third party service provider. Outsourcing as a corporate strategy has a wide impact on corporate organizational structures (Robinson and Kalakota 2007).

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For various reasons, companies outsource some of the processes and activities:

**1. To have compatible strategic operations:** BPO helps the executives relieved from their mundane management practices. It is seen that the majority of executives splurge 80 per cent of their time in managing the details of nitty-gritty activities and rest of the time is spent on core issues.

**2. Downsizing the cost:** At the present day scenario, Organizations tend to outsource various activities to reengineer and capture new set of skill. High-caliber experts are invited to design and manage such activities as to avail the best of industry practices, innovation and experience.

**3. To enhance core capabilities:** Outsourcing promotes increased capability of organization and its available human resources. Further, the organizations can broaden their ability to deliver new products and services in novel manners.

**4. Operational flexibility:** BPO activities offer flexibility by converting the fixed costs into variable costs. This variable cost enables the company to face the winds of change in a successful manner.

## 2. BPO OPERATION IN INDIA

The operation of BPO industry is witnessing a paradigm shift. The traditional meaning of BPO denotes only to call centre wherein a number of employees play the crucial role of service facilitators in an amiable environment and have customer friendly approach by the use of their impeccable language and high level of communication proficiency. BPO Call centers are knowledge-intensive operations featured by extensive knowledge required for each executive (Bordoloi 2004). A call centre is typically operated by its executives with individualized workstations that include a computer for each, a telephone set connected with a telecom switch and supervisor stations. The worldwide size of global outsourcing market is enormous. Since 2000, the call center industry is blooming at a fast speed. In 2000, the size of global outsourcing market was 119 billion US dollars; in 2005 it went to 234 billion dollars and it reached 310 billion dollars in 2008.

In Indian context, BPO industry has gone up significantly. According to industry pundits last few years, the annual revenues out of BPO are around \$11 billion, constituting about 1 per cent of the country's GDP. Remunerations are on high by 10-15 per cent as a result of huge dearth of skilled manpower. India has a significant 63 per cent share of the offshore component of BPO. India has earned revenues of 10.9 billion US\$ from offshore BPO and 30 billion US\$ from IT and total BPO sector in recent years. Indian IT-BPO revenues are expected to grow by 25 percent in financial year 2010-11.

## 3. RURAL BPO INDUSTRY IN INDIA

In terms of performance of call center industry in India, there has been significant growth seen from 2003 to 2005. In India, call center industry got momentum from 2003, when big players started entering into this sector. The BPO movement which kicked off from Tier I cities like- Bangaluru, Hyderabad, Delhi & NCR, Pune, Mumbai and Kolkata, has now made inroads to Tier II cities like: Mysore, Belgaum,

Coimbatore, Nagpur, Kochi, Trivandrum, Chandigarh, Ahmedabad, Bhubaneswar, Indore, Jaipur, Lucknow etc. The new targets of BPO companies are Tier III cities of India. The ground fact is that a majority of the computer engineers (almost 60%) working in the BPO industry are from rural areas and aspire to find job opportunities in the top tier cities such as Mumbai, Hyderabad and Bengaluru among other cities. According to a data, there are about 200-odd BPOs (mostly run by NGOs) in the country serving the rural purpose. The low cost of operations and lower employee attrition levels are the major benefits that these companies derive from their rural operations.

#### **4. CAREER PLANNING OF INDIAN YOUTH**

According to a report of UN, youth includes a population from 15 to 24 years of age. The career field of youth has been selected after years of deliberate planning chiefly by parents and self. Each individual characteristic associated with career motivation corresponds to a situational characteristic and a career decision (London 1983). While planning for career goal, the youth tries to match his/her capabilities with the expectations of the career. The young aspirant has various criteria before selecting a field of career such as:

- ✓ Scope for advancement
- ✓ Pay package
- ✓ Feeling of social status
- ✓ High level of work satisfaction
- ✓ Challenging work environment
- ✓ Amiable work atmosphere
- ✓ Autonomy
- ✓ Long-term career prospects

Earlier, there were limited career options available for Indian youth and that too was stereotyped and fell in the government/semi government organizations like- civil services, engineering, medical, management etc. After economic revival, many new career avenues have emerged which more are promising, challenging and rewarding. These avenues are: IT enabled services, aviation, animation, designing, event management, advertising & public relations, software development etc. Due to hefty pay packages, many of the graduate and undergraduate aspirants in India are now moving towards call center industry. After Tier I and Tier II cities of India, many young aspirants from Tier III cities and sub-urban areas along with rural areas have started pursuing call center jobs for better pay package. Now BPO as a job option has been seen in their career preference list. The first and foremost requirement to join this profession is good command over English language and sound interpersonal communication skills. The aspirants are being trained by finishing schools and working hard to hone their soft skills.

#### **5. LITERATURE REVIEW**

A brief review of the existing research highlights various significant insights. Easterlin and Crimmins (1991) studied the issues of personal self-fulfillment, family life, and

public interest with reference to values of American youth. A change in students' opinion and career plans toward those leading to higher paying jobs and a marked increase in attractiveness of working in large corporations was observed. Preston and Biddle (1994) in their research found that a small percentage of individuals consciously plan their career path; rest are dependent on others. Most career programs use static processes rather than dynamic action learning process.

Drier (2000) delved into career planning with reference to comprehensive guidance programs. Parents, employers and teachers enhance the career planning process by expanding student options, encouragement, motivation, mentoring, and providing career life experiences. Dhesi (2001) studied relation between expectations and post-school choice in Indian youth. The incentive structure significantly influences expectations of Indian youths in shaping their career plans.

Wolfgang, Johannes and Schiffinger (2005) studied the relationship between career aspirations and individual characteristics on Austrian students. People tend to move into career fields that are congruent with their personal qualities. Mehta and Irani (2006) explored challenges and opportunities in Indian BPO. The major themes emerged from primary content analysis were: career & business prospects, HR issues, motivation & stress, work environment, customer relations, competition, costs and quality in BPO.

Agarwal (2008) explored the influence of various factors on career choice of management students in India. Skills, competencies and abilities were important factors influencing the career choice of Indian students. Nadeem (2009) studied the impact of globalization on aspirations of Indian youth. The author proposed that globalization does not indicate an era of individual freedom.

## **6. RESEARCH OBJECTIVE**

This study delves into rural youth aspirants and their perception about BPO as an employment sector in India. Career planning of rural youth has been covered in this study from various aspects. The major objective of the research is to study the preference pattern of Indian rural youth towards BPO industry in particular. The role of non-urban background and its influence on joining BPO has been covered in this study. Response from young aspirants was collected and data was interpreted using various statistical techniques. In a nutshell, perception of young rural aspirants towards BPO sector has been studied.

## **7. METHODOLOGY**

### ***7.1. Sampling***

It was an exploratory research to study the preference of young rural and sub-urban aspirants towards call center industry in India. The study was conducted during August - December 2010. There were 200 respondents chosen from sub-urban and rural areas (blocks and villages having population more than 1500) in Bhopal and Indore districts. The respondents included undergraduates and graduates from various streams. Many of them have already planned or were planning their career path in various directions. It

was a simple, non-probability sampling. There was no age and gender criterion for selecting the respondents.

### 7.2. Tools for data collection and analysis

Secondary data were collected from various sources like- Internet, books, newspapers, journals, business magazines etc. For primary data collection, a self-administered and non-disguised questionnaire containing 15 statements was used. The collected data was tabulated in Excel sheet and analyzed by using z-test.

### 7.3. Hypotheses

In the beginning of the study, some hypotheses were framed and tested for significance to prove the objectives in scientific manner.

The null hypotheses were as follows:

**H<sub>01</sub>** – There is no significant preference of rural youth aspirants towards BPO as a career option.

**H<sub>02</sub>** – There is no significant place of BPO sector in career preference list of rural youth aspirants.

The above hypotheses were tested and results were drawn.

### 7.4. Result and Discussion

**Results of z-test:** On applying formula for z-test to test the null hypotheses, the calculated values of z were found to be smaller than the table value in both the cases. Therefore both the null hypotheses were found to be rejected at 0.05 level of significance. The table below reveals the results of z-test:

**Table 1.** Results of z-test at 0.05 level of significance

Null Hypothesis	Statement	Calculated value	Results of z-test
H <sub>01</sub>	There is no significant preference of rural youth aspirants towards BPO as a career option	1.979	H <sub>01</sub> Rejected
H <sub>02</sub>	There is no significant place of BPO sector in career preference list of rural youth aspirants	2.071	H <sub>02</sub> Rejected

## COCLUSIONS AND IMPLICATIONS

Out of data analysis results, it can be inferred that rural aspirants in India have started giving serious consideration to BPO sector while their respective career planning. It has been indicated that there is significant preference of rural youth aspirants towards BPO as a career prospect. Similarly, there is significant place of BPO sector in career preference list of rural youth aspirants.

It is easily reflected through this study that they know the multi-dimensional advantages of this sector in terms of rewards, challenges and other salient features. They feel that working in international call centers will groom their personality and enable them to have a global exposure. Most of them cited the examples of their friends or relatives from sub-urban and rural background, who pursued BPO sector and learnt a lot in terms of communication and corporate culture. They also found that

working in a multi-ethnic, multi-cultural and multi-lingual setting enables them to manage their clients in a more emphatic manner. However, almost half of the rural youth aspirants regarded BPO as a short-term career option for the sake of meeting expenses and earning extra money while pursuing their higher studies in metro cities. After completion of their formal education, they had plans to pursue.

The results also suggest that in rural and sub-urban areas, the youth awareness has been increasing due to various factors. Most of the respondents have reported that due to frequent visits to cities and information provided by their friends staying in cities, their career awareness has been rising. However, their level of career awareness, career priorities, information about BPO sector and fluency in English language is quite low as compared with their urban counterparts. They find lack of command over English language as the biggest impediment for joining BPO sector. However, their zeal to learn this aspect is very strong. The result indicates that rural and sub-urban youth is ready to face the competitive world of BPO industry.

The findings of the research study are very relevant from the point of view of BPO sector employers. After targeting Tier II and Tier III cities in India, their next target should be to tap and whittle the latent skills of youth of sub-urban and rural areas. Due to their zeal for learning and lesser salary expectations in comparison to their metro counterparts, it can be a useful proposition for the companies at large. It does not indicate that BPO companies should go to rural areas; rather their target should be the youth aspirants from rural and sub-urban areas adjoining big cities and beyond.

Significant work can be done towards targeting the youth aspirants for BPO sector. This sector may be positioned as the best career choice for those who want to experience global exposure. This factor should be positioned as 'pull' factors for call center industry. For an industry facing massive rates of attrition, this is the need of the hour.

This study is particularly confined to rural youth aspirants' response in 14 villages in two districts of the state. The findings of the study should not be generalized for all other rural areas of the country. The results may differ in case of other states as well as other respondent groups. Further studies can be undertaken on a large sample and comparison can be made on the basis of age groups, gender and educational status of rural and urban youth aspirants.

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