



## **BUSINESS PROCESS OUTSOURCING IN ASIAN SCENARIO**

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### **ABSTRACT**

*The increased pressures of globalization sever competition and general slowdown in the global economics has forced companies to rethink their strategic positions. To remain profitable and retain competitive advantage, companies learnt the need to time and resources on core competence, Leaving the non-core business process to specialized service providers not only minimizes costs but also improves the chances of the processes being handled by experts. The key success would be expending the breadth of services, maintaining quality, insuring higher motivations of a workforce, insuring security of data by investing in backup and de-risking their business sufficiently and moving up the value chain. There is no doubt outsourcing is here to stay, but the moot question is how should Asia retain the status of a preferred destination? Cost savings and labour arbitrage would cease to be differentiators in the long term as other countries try to catch up. Business process outsourcing particularly in the knowledge industry sector including IT enabled services has translated in to a huge opportunity for Asia. Business Process Outsourcing comes as natural solution that eliminates the concerns of the organization on non-core operations. Thus freeing the resources to focus on building core competence. KEYWORDS : Business Process Outsourcing, Motivation, Investment, Marketing.*



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### INTRODUCTION

Business process outsourcing sector is marketing waves in the Asian industrial land scope. It is dubbed as one of the most happening sector after IT boom that swept across the country for a decade. Driven by cost advantages and competitive pressures, many companies are now looking for specialized services providers whom they can outsource their non-core but necessary business processes.

The increased pressures of globalization sever competition and general slowdown in the global economics has forced companies to rethink their strategic positions.

To remain profitable and retain competitive advantage, companies learnt the need to time and resources on core competence, Leaving the non-core business process to specialized service providers not only minimizes costs but also improves the chances of the processes being handled by experts.

The revaluation in Information Technology and its convergence with Communication Technology have further made it possible for companies to think of the whole world as one market place and go offshore in order to build and sustain competitive advantage.

Today, it does not seem out of place for a company in US to outsource its business processes to an offshore facility either in Asia or Philipines or Ireland because technology has made the relationship virtually hassle-free. The distance of thousands of miles does not matter since even at that distance it possible to communicate, co-ordinate and control the operations Moreover there has been a fair

amount of standardizations of web-based tools which makes it easier to communicate and convey intentions clearly. Companies can critically examine each of their business processes.

Business Process Outsourcing comes as natural solution that eliminates the concerns of the organization on non-core operations. Thus freeing the resources to focus on building core competence.

### OBJECTIVES OF THE STUDY

The present study is carried out with following objectives in view.

To study the concept of BPO.

To study the present status of BPO in Asia.

To study the strength and weakness of BPO.

### RESEARCH METHODOLOGY

The present study is based on the secondary data. Such secondary reference books related Business Process Outsourcing, Knowledge Process Outsourcing, Knowledge Management, Commerce, Economics and Management.

For said research study secondary data is also collected from the various National and International Research Journals and from various websites.

### WHAT IS BUSINESS PROCESS

#### OUTSOURCING?

Business Process outsourcing is not a new concept. It is defined, as management of one or more specific business process or functions essentially ones which are non core in nature and do not add to the



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competitive advantage of the business by a qualified third party that is entrusted with the task of managing the non-core functions, the same processes are in the nature of their core functions and it is therefore able to add greater value to the.

**BUSINESS PROCESS OUTSOURCING** is “the delegation of one or more IT-intensive business processes to an external provider that in turn owns, administers and manages the selected processes based on defined and measurable performance criteria” (Gartner).

In more succulent terms **BUSINESS PROCESS OUTSOURCING** means delegating back end administrative functions that are necessary to run business but are not part of the core business.

Leaving the non-core business processes to specialized service providers not only minimizes costs but also improves the chances of the process being handled by experts. Globalization, competitive markets and Mergers and Acquisitions are **BUSINESS PROCESS OUTSOURCING** primary stimuli. By outsourcing business processes companies can also get a firm assessment of the cost of running their operations.

### **STRENGTHS AND WEAKNESSES OF BPO**

The power and the success of the business process outsourcing lies in the following points.

Creating more and more employment opportunities in the country where the job is outsourced according to the Specialization.

Achieving cost reduction, reduced payroll and capital investment.

Improving the quality of services provided which may lead to world class standards.

Helping to gain outside expertise and advanced technologies which one does not have in house.

Enabling the companies to meet their changing needs of the consumers.

Helping both the partners to create good and strategic relationship between them.

Facilitating the Organization to compete efficiently in the global market place.

Improving the performance, profitability and the shareholders value.

Processing equity research support for this sector continues to create the largest opportunities. Over the last couple of years these BPO companies have also started to offer higher value services to customers in the areas of insurance claims processing and equity research support.

### **Telecom**

Another segment which is an attracting ITES-BPO company is the telecom industry which is using offshore outsourcing functions such as customer support, technical support and offshore development of products.

### **Retailing**

For the last couple of years large global retail chains have been offshoring processes such as transaction processing, billing, telemarketing and inventory management to Asia.

### **Automotive**



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This segment has been outsourcing its engineering, finance and accounting activities, while engineering activities include computer aided-product and tool design and product and process documentation. The finance and accounting processes include claim processing and general ledger activities.

### **Human resources**

This segment is also attracting the BPO companies in a large spectrum. The activities that can be outsourced include employee compensation, benefits, health/welfare, payroll processing, pension plans, information systems, recruiting, relocation and administration.

To ensure that they are well placed to address this market growth, the BPO service providers are facing the number of challenges. Some of them may be:

Keeping proper security measures.

Maintenance of disaster recovery system.

Keeping the attrition rate lower.

Attracting and retaining highly motivated workforce.

### **BUSINESS PROCESS**

#### **OUTSOURCING IN ASIA**

Asia now dreams of becoming the most preferred destination for BUSINESS PROCESS OUTSOURCING ahead of countries such as Philippines. Mexico and Ireland Percentage of BUSINESS PROCESS OUTSOURCING ahead offshore to countries such as Asia, Ireland etc. was meager 5% in 2001 and is expected to grow to 20% 2012 and 30% by 2013.

Total ITES exports of \$1.5n. In 2001 is predicated at 82bn. in 2012.

The rise of BUSINESS PROCESS OUTSOURCING sector could add jobs in the ancillary businesses as well including transport, catering, house keeping, training etc. The contribution of the BUSINESS PROCESS OUTSOURCING segment to the country GDP is expected to be around 3% by 2008. Asia is positioned to capture a sizable chunk of global pie in outsourcing. Asia is one of the most preferred destinations for outsourcing business processes. The reasons are many: cost differential, availability of talented workforce, strategic location with its difference, the generally favorable government attitude towards BUSINESS PROCESS OUTSOURCING, the brand name Asia has achieved on software industry, improving infrastructure and finally quality standards.

### **GROWTH AREAS OF BPO**

Business processing can provide a broad range of services which center around a firm's core competency in the key management areas.

#### **Financial areas**

A large number of Asia ITES-BPO companies are focused on providing services like accounting, billing and payment services, transaction.

The booming BPO industry has many things to celebrate like the above, but its probable weaknesses cannot be overlooked These are-

Loss of job opportunities is possible in the country in which outsourcing is done and it leads to more unemployment problems.



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Increase in the dependency on the outsource for further enhancements of the jobs.

Prohibitive training costs are involved if it is outsourced due to non-availability of time and expertise.

### CONCLUSION

The key success would be expending the breadth of services, maintaining quality, insuring higher motivations of a workforce, insuring security of data by investing in backup and de-risking there business sufficiently and moving up the value chain.

There is no doubt outsourcing is here to stay, but the moot question is how should Asia retain the status of a preferred destination? Cost savings and labour arbitrage would cease to be differentiators in the long term as other countries try to catch up. Business process outsourcing particularly in the knowledge industry sector including IT enabled services has translated in to a huge opportunity for Asia.

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