



Business Process Outsourcing (BPO): An Approach to Dynamic Business

Naib Singh

Associate Professor of Commerce, Govt. P.G. College, Ambala Cantt., India

ABSTRACT

Business includes so many activities out of which some are accomplished by the business organisation itself and some are get done from third parties. Some business operations are also skill oriented which the firm itself cannot perform like financing, advertising, warehousing, transportation, customer care and marketing etc. outsourcing business can be defined as the contract of business operation by the one firm with other in which first obtains the benefit of expertise and latter a specific payment in lieu of that business operation. Outsourcing business is also known as the **Business Process Outsourcing (BPO)**. In outsourcing business, an agreement is made between the two firms regarding the terms and conditions of the business and payment to service provider firm. Outsourcing business is skill-based activity. The outsourcing agencies have special skill in their working. Today in the age of acute competition, the business firms have to face various challenges pertaining to competitive strategy.

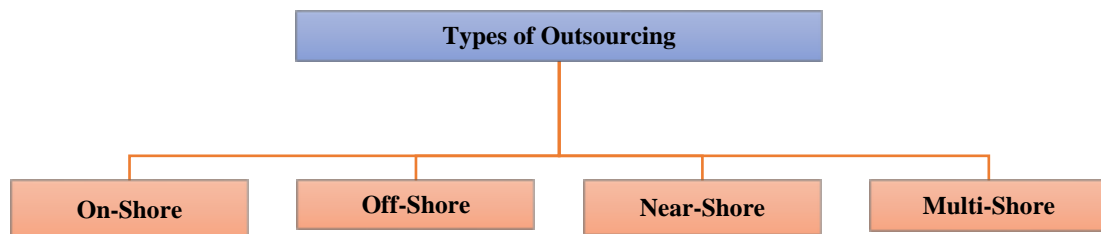
Key Words: Business Process Outsourcing, On-Shore Outsourcing, Off-Shore Outsourcing, Near-Shore Outsourcing, Multi-Shore Outsourcing.

I. Introduction

Business includes so many activities out of which some are accomplished by the business organisation itself and some are get done from third parties. Some business operations are also skill oriented which the firm itself cannot perform like financing, advertising, warehousing, transportation, customer care and marketing etc. In this situation, the business firm has to be dependent on the outside organisation. In the modern scenario, many companies hire third parties to complete various tasks. For example the packaging of the products can be done by the firm itself or it can be get done from a packaging firm. In this type of business, a business organisation hires the services of an outside firm for certain type of business activity that is not performed at his own level.

Hence, outsourcing business can be defined as the contract of business operation by the one firm with other in which first obtains the benefit of expertise and latter a specific payment in lieu of that business operation. Outsourcing business is also known as the **Business Process Outsourcing (BPO)**.

Following are the main types of outsourcing business:



- **On-Shore Outsourcing:** In this type of business, a firm outsources its business activities to another firm in the domestic country. The main advantage of this type of service is the resemblance of language, communication, culture and transactions etc. Services from local firms are comparatively less costly. This is also known as the local outsourcing.

- **Off-Shore Outsourcing:** When a company enters into outsourcing agreement with the service provider of foreign country, then it is called off-shore outsourcing. The main advantage of this type of outsourcing is the utilisation of skill and expertise of advanced nation at affordable cost.
- **Near-Shore Outsourcing:** When this business takes place between the firms of local nations, then it is termed as the near-shore outsourcing. For example, the avail of services by the Indian company from Myanmar will be known as the near-shore outsourcing.
- **Multi-Shore Outsourcing:** It is mix type of outsourcing. If the firm obtains outsourcing services from the firms of more than one country, it is called as the multi-shore outsourcing business. Generally, these types of business projects include the manufacturers working together in different countries.

In India, NIIT Technologies offers services in business process outsourcing to enterprises in the area of financial services, travel and transportation, manufacturing, distribution and government sectors. Government has implemented an employment generation scheme in rural areas which has created over 11,500 jobs all over India. In these employment opportunities, 40 percent of the total employment has gone to women candidates.

Ministry of Electronics & IT, Government of India has notified two main schemes for promoting the business process outsourcing in the country. These schemes are as follows:

- ❖ North East BPO Promotion Scheme (NEBPS):
- ❖ India BPO Promotion Scheme (IBPS)

These two schemes provide financial assistance to eligible entrepreneurs in the form of Viability Gap Funding (VGF) with the following main two objectives:

1. The first objective of this scheme is to create employment opportunities for the youth. To attain this objective the IT/ITeS Industry is promoted particularly by setting up the BPO/ITeS operations in smaller cities.
2. The second objective of this scheme is to promote the investment in IT/ITeS Sector in order to expand the base of ITeS Industry and secure balanced regional growth. This scheme would ensure substantial investment.

II. Methodology

This paper is based on the descriptive study. The observations are based on various published and online sources and cover the meaning and scope of business process outsourcing. Secondary data have been used as the main sources from which necessary information have been collected for the purpose.

III. Objectives of the Study

1. **Prime Objective:** This main objective of this paper is to highlight the importance of business process outsourcing in the modern dynamic era.
2. **Secondary Objective:** Another objective of the study is to discuss the role of business process outsourcing in the business practices.

IV. Limitations of the Study

1. It is not a case study hence the discussion regarding the business process outsourcing in this paper cannot be applied to any particular area of business and industry.
2. Secondary data has been used in this study to highlight the numerical figures associated with the business process outsourcing.

V. Discussion

In outsourcing business, an agreement is made between the two firms regarding the terms and conditions of the business and payment to service provider firm. Outsourcing business is skill-based activity. Various firms provide specific services in the market as per the requirements of customer firm. When a business firm requires any skill based service from the market then outsourcing is the best option. The cost of outsourcing services is comparatively low than the full-fledged arrangements. If a business needs a specific service for which a costly plant is required then in this case, the firm can avail this service from outsourcing agency at low cost. Moreover, not any investment will be required for this work. Indian government is promoting this business substantially which will be beneficial for the industrial economy in coming years.

VI. Conclusion

It is best way, to avail the first class services from the expert firm at affordable cost. This facility provides the benefit of economies of scale that reduces the costs. The service provider firm is specialized in its operations that lead to the efficiency in working. In this business, the firm can obtain the benefit of quality and expertise of service provider. The outsourcing agencies have special skill in their working. Today in the age of acute competition, the

business firms have to face various challenges pertaining to competitive strategy. Only that firm will be able to compete who will market qualitative products at affordable prices. This objective can be obtained effectively through outsourcing.

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