BUILDING CAPACITIES OF WORKFORCE IN OUTSOURCING INDUSTRY THROUGH OPEN AND DISTANCE E-LEARNING

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Abstract: H*uman Capacity Building is the development and strengthening of skills and capabilities to survive as competent work professionals in an organization. To remain competitive in their own sector organizations always need highly competent staff. Many organizations realizing the importance of capacity building of human resource launch their own customized web-based trainings and e- learning programmes. Organizations with such e-learning programmes have courses customized to suit the specific needs of the organization which may not give much value addition to the employee in the outside world. In the current context, ODeL provides a million-dollar opportunity to working professionals to upgrade their skills and build their capacities. Open and Distance Learning has become a vital means for self growth in the professional world. This paper uses secondary research to understand the contribution of ODeL in outsourcing industry which has been a source of employment for various young professionals in the current scenario. These outsourcing industries provide numerous services to their on-shore and off-shore clients. At a global level, India maintains a leadership position in the outsourcing industry with a share of 55% in the global outsourcing market. As per the NASSCOM study, more than 500 companies in India are offering Business Processing Outsourcing services with a business of more than $100 billion.*

Keywords: Capacity Building, ODeL, Outsourcing Industry

INTRODUCTION

Outsourcing as a cost saving mechanism started way back in the 1700s. During Industrial Revolution many manufacturing industries shifted their production of goods to countries with cheaper labour. The term 'outsourcing' refers to the practice of exporting work or certain tasks by companies in developed countries to companies in less developed countries (Bhowmik, 2004). Unlike the reasons of earlier times which were saving on overhead and labour cost, today the drivers of outsourcing industry are improved efficiency, greater

productivity, focus on core functions and to best utilize its own core competencies. The outsourcing industry today is no more limited to manufacturing goods but has expanded to include numerous types of services ranging from medical transcription, customer care, medical billing services, database marketing to Web sales/ marketing, accounting, tax processing, transaction document management, telesales/ telemarketing, biotech research, photo research, digital marketing, books editing, content writing, banking services, legal work, insurance services and what not. (outsource2india, undated)

The period of early '90s saw the emergence of service outsourcing. With the onset of globalization in early 1990s, the service outsourcing industry showed rapid growth. Economic reforms linked to liberalization and privatization gave further boost to outsourcing industries appealing many foreign countries to invest in Indian market. This has been a major contributor to the growth of Indian economy. Outsourcing in service area was first initiated by some global airlines that outsourced their back-office work to India, followed by IT companies. Some of the earliest players in Indian outsourcing market were Texas Instruments, American Express, Swissair, British Airways and GE, who started their captive units in India (Outsource2india.com).
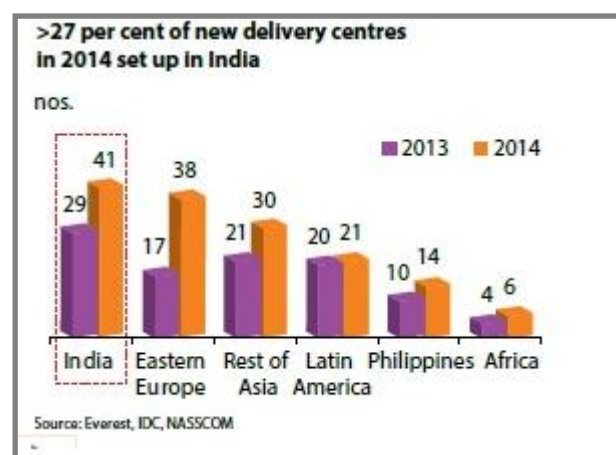
Source: NASSCOM (Undated)   *Source*: NASSCOM (Undated)

Figure 1 Position of India in Global Sourcing Market

Figure 1 shows that India maintains a leadership position in global outsourcing with a share of 55%in the year 2014 with global outsourcing increasing 1.2 times in last five years. Indian outsourcing industry grew at 9-10% in 2014 with more than 27% of new delivery centres set up in India. As per the NASSCOM study, in the financial year 2016 the industry gave total

revenue of 143 billion dollar. NASSCOM (India's National Association of Software and Service Companies) acts as a coordinating body for the outsourcing industry. It also conducts surveys and conferences which help in disseminating knowledge and research to outsourcing industry.

Over the years, India has built up its capabilities and proved to be one of the best nations for outsourcing services by the developed countries. As identified by NASSCOM, the major reasons behind India's success include-world class IT software and technology-related services, abundant, skilled and English speaking manpower, high-end telecom facilities and infrastructure at par with global standards, better focus on maintaining quality and performance standards, fast turnaround times, and the ability to offer 24x7 services based on the country's unique geographic locations that allow for leveraging time zone differences, friendly tax structure and positive policy environment encouraging foreign companies for investment. Banking, finance, accounting services, telecom, and manufacturing are amongst the top four verticals in service outsourcing in India.

ISSUES AND CHALLENGES

At a global level though India has maintained a leadership position in global outsourcing market but companies operating in the sector face their own challenges. One of the foremost challenges is cut-throat competition not only among the national competitors but among the global competitors. Management Study Guide (MSG) Experts identified several issues faced by service outsourcing industry in India. There are issues at the implementation level due to various reasons such as poor infrastructures, logistic, power outages, poor traffic management, political instability and shutdowns. All these take a toll on the operations of these firms and pose a threat of instability in global competition. Service outsourcing industry being run 24x7 requires an undisruptive supply of all its services to perform at their optimum level.

A bigger challenge which the service outsourcing industry faces today is of the unavailability of highly skilled resources. Despite the presence of manpower in large number, the industry fails to find skilled resources. The industry requires people with specific skill sets rather than simply graduates graduating in million every year. Availability of manpower with technical skill sets creates a secure space for India in global market. The sector which

evolved by doing low end work has remained at that level by and large over a period of time, due to which it is rapidly being threatened by new entrants like Philippines, Poland and other countries. To maintain its position in global outsourcing market, Indian outsourcing sector either has to cut down at its operational cost or create the pool of skilled manpower. However cutting down at operational cost is not a long term solution as at the end of the day the sector can only survive when it is profitable and helps the economy to grow. According to MSGExperts the nature of outsourcing companies operating in India fall in the category of BPOs (Business Processing outsourcing) while there are other types of outsourcing such as KPO (Knowledge Processing outsourcing), RPO (Research Processing Outsourcing), LPO (Legal Processing outsourcing), APO (Analytics Processing Outsourcing), HRO (Human Resource Outsourcing) and MBPO (Medical Business Processing Outsourcing) which as of now, are very few in number. The reason for their minuscule presence is again attributed to non-availability of skilled manpower.

At macro level, the outsourcing industry also gets impacted by the political, economic and law related changes occurring in the nation of outsourcers which are U.S. and Europe predominantly. For instance, recently in the presidential campaign in the United States, there had been a hue and cry over outsourcing to India. Such changes in macro environment keep throwing challenges pertaining to stability and security of the sector. However, the Indian outsourcing sector must strengthen its infrastructure and workforce capacities to overcome such challenges rather than becoming scapegoat when unfavourable changes occur in macro-environment.

PURPOSE

Outsourcing Industry requires the skill sets beyond conventional education. This means that simple graduation may not create competent staff. This paper highlights the need to develop distinct skill framework for different outsourcing services. As Chen and Chi (2010) have proposed a skill framework for IT employees in outsourced environment, the proposed skill framework is divided into four layers based on their roles and responsibilities (as shown in Figure 2).

The Skill Stacks (layers)	Content of Each Stacks
Strategic Planning Knowledge	Understanding of the trend of business market IT-facilitated innovations Ability to plan or own a new product or IT-facilitated project
Business Process Knowledge	Whole range of enterprise business process Laws, regulations as well as rules needed in business process Ability to solve or improve the weakness of business process
Professional Skill	Software Engineering Networking Information security Trend in IT product/cost Procurement process and legal issues Project Management Auditing and testing
Basic Working Skills	Communication skill Positive working attitude Presentation skill Solution of problems

Figure 2   The Skill Framework of IT employees working in outsourced environment

Source: Chen and Chi (2010)

Chen and Chi in their skill framework emphasised an important aspect that the skills must be built up stack by stack, up from the stack of basic working skills toward the stack of strategic planning knowledge. The term 'stack' emphasizes the importance of building up the skills for the next level. When people move up in the organisations through IJPs (Internal Job Promotions) or are directly hired at senior positions, then that employee's performance and decisions are better when they have good knowledge of work at their level and know-how of nature of all levels under them. For instance, in Figure 2, the employee in stack 3 (Business Process Knowledge) can only be competent in developing an improvement plan when s/he has the understanding of professional skill of that process.

Similarly, skill frameworks must be developed for other services in Indian outsourcing industry. Skill framework helps in identifying the skill set required by employees of that particular service outsourcing firm. Based on previous studies (Chen and Chi 2010; Liu R. *et al*. 2011; and NASSCOM undated), two more skill frameworks- one for contract management process in LPO (Figure 3) and another for photo research process in KPO (Figure 4) are proposed by the author.

The Skill Stacks (layers)	Content of Each Stacks
Strategic Planning Knowledge	Understanding of the trend of business market Strategic planning for business expansion Budget setting, setting goals for the financial year Innovation, new business model
Business Process Knowledge	Whole range of enterprise business process Laws, regulations as well as rules needed in business process Ability to solve or improve the weakness of business process Process revenue generation
Managerial Skill	Handling team conflict management Tracking system Quality Management Production Management Domain Knowledge
Technical Skills	Graduates Degree in Intellectual Property Right

(Cylinder overlay: Basic skills — Communication skill — Presentation skill — Positive attitude — Team work)

Figure 3 The Skill Framework of employees working in LPO

The Skill Stacks (layers)	Content of Each Stacks
Strategic Planning Knowledge	Understanding of the trend of business market Strategic planning for business expansion Budget setting, setting goals for the financial year Innovation, new business model
Business Process Knowledge	Whole range of enterprise business process Laws, regulations as well as rules needed in business process Ability to solve or improve the weakness of business process Process revenue generation
Managerial Skill	Handling team conflict management Tracking system Quality Management Production Management Domain Knowledge
Technical Skills	Degree of Law Negotiating Skills International Law

(Cylinder overlay: Basic Skills — Communication skill — Presentation skill — Positive attitude — Team work)

Figure 4 The Skill Framework of employees working in KPO

The two frameworks proposed in Figure 3 and Figure 4 are for high end work in service outsourcing i.e. LPO and KPO. In the proposed frameworks, the employees in bottom layer are responsible for performing the core job requiring domain knowledge which is referred to technical skills in the framework whilst the basic skills are referred to soft skills that includes communication skill, presentation skill, positive attitude and team work. Basic skills or soft skills are essential at every level thus is an integral part of each stack in the proposed skill framework. One level up in the hierarchy needs professionals who are competent enough to handle team/s with their managerial skills and include the responsibilities like work distribution, maintaining tracking systems, conflict handling, workforce management, production management, quality management and handling escalations. The next two stacks- Business Process Knowledge and Strategic Planning Knowledge have the same work profile as proposed in the skill framework of Chen and Chi.

Another aspect which comes into focus from these skill frameworks is that work profile in the stacks of Managerial skill, Business Process Knowledge and Strategic Planning process remain more or less similar and does not vary much with the change of process or organisation. Whilst the technical skill can be numerous depending on the nature of services outsourced. Creation of skill framework for each process of a company in service outsourcing industry provides critical information on technical skills set and managerial skills set required by the employees. Chen and Chi (2010) in their study also highlighted that as we move up in the organisation structure from technical position to managerial position then to senior manager position, the degree of knowledge of technical skills decreases with each level up in the organisation. (Shown in Figure 5)
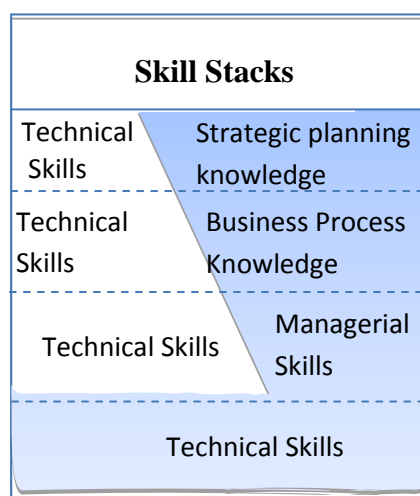

Figure 5 Skill Composition in Each Stack

In the current scenario people in search of seeking better opportunities, opt for movements from one organisation to other organisation. Also organisation on their way to expansion, are in abundant need of hiring new staff at all levels. This indicates that employees at senior position may not necessarily have reached to that position through IJPs. In such circumstances, the employees will need capacity building of technical skills (domain knowledge) to get good hold of the process and to deliver desired outcomes. On the other side, when the employees take growth in the organisations through IJPs, the organisation requires to build skill set pertaining to managerial, business development and strategic planning knowledge. Thus, in both situations where either employee takes growth in the organisations through IJP or new staff is hired at senior positions, there is a critical need for capacity building of workforce in the service outsourcing Industry. The employees need to enhance their skill sets to remain competent at different positions.

Based on the literature review, the skill set required in the capacity of senior positions and technical skills required at the bottom of pyramid depending on the nature of service outsourced were identified as shown in Table 1.

Table 1 Skills Required in Service Outsourcing in India

Skills required at Senior Positions	Technical Skills
Leadership Skills	Legal Work
Business development	Content Writing
Business analytics	Digital Marketing
Project management	Software Development
Total Quality Management (TQM)	Primary and Secondary Researches
Supply chain management	Editorial work
Applied finances,	Intellectual Property Right
Six sigma programmes,	Banking services
Strategic Business management	Insurance services
Client management	Medical Transcription
	Data Sciences
	Instructional Designing
	Web Designing

To qualify for employment in outsourcing companies involved in different types of services, our manpower must possess the required skill sets. Currently, many of our youths are unable to pass their criteria of employment. According to NASSCOM, service outsourcing industry was largest private sector employer and had provided employment to 3.7 million employees during the period of 2010-2015. To ensure growth in this sector, education

institutions must create such skill structures (refer to Figure 3 and Figure 4) to determine the type of skill enhancement programmes required to be developed to strengthen the capacities of workforce.

In this direction NASSCOM has taken an initiative called 'National Skill Registry' with an aim to build a robust and credible information repository on the knowledge professionals in the sector. It is a national database of registered and verified knowledge workers in the industry. The database is managed by NDML- a fully owned subsidiary of National Securities Depository Limited (NSDL)

ROLE OF OPEN AND DISTANCE ELEARNING

Open and Distance education has an immense role to play in building capacities of outsourcing industry workforce as working professionals in the industry are in great need of acquiring skills for their effective performance. Online courses have gained significant traction among working professionals as these allow skill enhancement without breaking the continuity of their work cycle. Many Institutes such as NIIT Imperia and IIMT, Ghaziabad have responded to the demand of corporates in outsourcing industry and have launched online courses meeting their requirement. NIIT Imperia has partnered with IIM Calcutta, Ahmedabad and Lucknow to cater to professional and educational needs of working professionals. In the current scenario Open and Distance education universities along with an edge of being flexible, and accessible, open and distance education of universities are affordable to youth masses and can be a most preferred way of upgrading self through recognized and respectable qualification. The magnitude of coverage and capacity which a university holds can contribute incredibly in building the capacities of workforce in outsource industry through their open and distance courses. Secondary research in the area of open and distance learning programmes in private universities/institutes and central and state universities reveal the existing employment oriented courses imparting professional skills suiting to service outsourcing industry as shown in Table 2.

Table 2   Courses offered through open and distance learning

Courses in Private Universities	Courses in Central/State Universities
Post Graduate Diploma in-	**MBA specialisations in-**
Supply chain management	Information system
Banking and Finance	Total Quality Management
Supply chain management	Healthcare service
Customer Relationship Management	E-business

Insurance Management	Marketing Management
Export and Import Management	Financial Management
International business	Operation Management
E-business	Financial Market Practice
Marketing Management	**Diploma/Certificate Programmes in**
Advertising and Brand Management	Cyber law
Production Operation Management	Intellectual Property Rights
Telecom management.	Patent Practice
Diploma in	International Humanitarian Law
Innovation management	Co-operation and Co-operative law
Global Financial markets	
Talent Management	
Diploma/Certificate programmes	
Digital Marketing	
Instructional Designing/Content Writing	
Web Designing	
Medical Transcription	
Data Sciences	
Editorial work	
Research and Data Analytics	
Cyber Law/Employment Law/Corporate Law/ Intellectual Property Rights	

Table 2 depicts that private universities offer greater number of technical and skill development programme catering to the growing need of outsourcing industry workforce. However, their heavy fee structure and limited outreach in Tier 2 and 3 cities create constraints for majority of potential learners in the industry. These need to be developed and popularised as ODL programmes in Centre/State Universities and must be scaled up in ODeL based institutes of higher learning.

SCOPE OF E-LEARNING

The component of e-Learning in Open and Distance education is the element which makes the open and distance education more interactive, effective and valuable. E-Learning tool in education has not only bridged the geographical gap but has eliminated the difference existing between regular classes and distance education. The advance technology of virtual classrooms, web based trainings, videos, WebEx communications providing videoconferencing, web conferencing, online meetings, student online community, interaction with Professors via chat has made the learning just a click away. In the current organizations where an employee plays dynamic role, the blended approaches of ODeL has

immense role. Professionals continuously responding and performing in the changing work environment and taking actions in their daily operation not only require the knowledge of concepts but also need a strategic solution to their live problems. ODeL allows learners not only to gain understanding of the concepts but apply them to design a perfect solution using the expertise of Specialists in the area through the services of WebEx, chats, online community and web conference of e-learning tools.

Service outsourcing industry in India which promises to provide 24x7 services needs high end digital technologies in ODeL to allow working professionals to study in their own time and place. In today's fast-paced world, it is very difficult to build the skill set of our manpower with traditional learning system keeping the constraints and high demands of outsource industry into consideration. Moreover, e-learning tools are quick to be changed and updated with latest information enabling the learner to be well informed and competent in their sector. The workforce of this industry being employees in the captive unit of on-shore clients are in everyday usage of webinars, videoconferencing, e-learning modules, WebEx, online chats and so on. Their acquaintance with the digital environment has made the running of e-learning courses a simple affair. It is now up to education institutions, various open and distance universities to respond to the demand of service outsourcing industry and to launch the customised online e-learning courses. India which evolved as global sourcing hub by doing low end work can strengthen its position in this sector by doing high end work capable of innovation and other high value activities by upgrading the skill set of its manpower and ODeL has versatile role to play in this.

CONCLUSION

So far India has been able to maintain its dominant position in the service outsourcing industry. It has emerged as a preferred destination for BPO work due to the availability of large numbers of resources fluent in English and the diligent and hardworking efforts. However for India to survive in an extremely competitive landscape, the outsourcing industry needs special focus on creating skill sets apart from developing infrastructures, logistics, multiple business models and high end digital technologies.

There is a great need to develop short term customized courses through ODeL in Digital Marketing, Data Science, Research and Analytics, Editorial work, Instructional Designing, Web Designing, Medical Transcription, foreign languages like Japanese, Leadership Skills,

Business development, Business analytics, Project management, Total Quality Management (TQM), Logistics and Supply chain Management, Customer Relationship Management, Applied Finances, Six sigma programmes, Executive Programmes in Management and Strategic Business Management by central and state open and distance universities to meet the need of firms involved in the outsourcing business. E-Learning tools of Open and Distance education Institutions have a wide role to play in strengthening the capacities of workforce who are into 24x7 work profiles. Huge potential lies with the country added by the fact that majority of its population is young and under 30, referred to as demographic dividend.

In the global market when other countries in Asia like Philippines are emerging as a viable alternative to India, Indian outsourcing companies would need to work out various strategies to stay competitive. The most viable step is to move up in the 'value chain' which means that the outsourcing companies switch to higher end skill work which includes KPO, LPO, RPO, MBPO and HRO. ODeL has key role in taking the outsourcing industry to another level up in the curve and thus, must respond to the need of the industry. Efforts in this direction will enable India to retain its position in global market. Recent changes in global market being a political change in the nations outsourcing the services or the new nations entering the global market as competitors; have given India an opportunity to take learning and work out alternatives in the coming future rather than getting victimised due to changes in the micro – and macro-environment.

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