

The Role of Technologies Outsourcing in Organizations Advancement

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Abstract

These days the usage of technologies can create unique advantages for development of companies. And since this is the era of technologies, many companies outsource their operations to third party companies who have more experience in technologies. Thus, outsourcing can help increase companies' profit, decrease the burden on the organization and make companies concentrate more on customers' needs. One of the primary objectives of most organizations is keeping the customers satisfied through various means. Organizations also aim to engage with their customers in an effective manner and call centers provide the best platform for interaction between organizations and customers. There is a big need for outsourcing call centers which will attract many. It should offers more experienced people that can handle customers more efficiently. This paper discusses the outsourcing importance to organization advancement. It focuses on the call centers outsourcing, the motivational factors for Call Center Outsourcing, advantages of Call Center Outsourcing, negative factors associated with call center outsourcing, and Trends of call center outsourcing

Keywords: Outsourcing, Technologies, Call Centers, Organizations advancement

Introduction

Organizations are enhancing their operations with the advent of time and they are opting for new and modernized methods so that they can enhance their profitability. Through this scenario, they can benefit all of their stakeholders. Several new scenarios are embraced by organizations to enhance their efficiency. This efficiency is linked with their profitability and the fact that how well they have coordinated with their stakeholders. Outsourcing is one of them that have benefitted organizations of different countries in both the short and the long run. Outsourcing refers to the contracting of business to outside vendors or third parties based on their expertise and experience. This phenomenon decreases the burden on the organization with respect to human resource management and other important resources. Outsourcing is a common trend in the current era of globalization and organizations frequently outsource several aspects of business to third parties. The outsourcing term emerged in the United States in the late 20th century when organizations started contracting small aspects of business to contractors. It provides opportunities for organizations to leverage high quality, low cost, and skilled human resources through third party contractors. The primary causes of outsourcing include cutthroat competition in global markets, economic challenges, and seeking competitive advantage. The paradigm shift in completing business activities gave rise to optimizing business management through outsourcing in the form of business process outsourcing. One of the primary objectives of most organizations is keeping the customers satisfied through various means. Organizations also aim to engage with their customers in an effective manner and call centers provide the best platform for interaction between organizations and customers.

Outsourcing refers to the concept of delegating or transferring control of specific business activities to outside contractors. Outsourcing includes contracting to both domestic and foreign contractors and frequently involves transferring assets, operations and functions to another region or country. One of the primary motivations of outsourcing to foreign entities is to take advantage of the low cost human resources of that country. All business comprise of three basic business functions including core, strategic non-core functions, and tactical non-core. The core functions are the necessary elements and act as the backbone of the organization it cannot survive or grow without core functions. Organizations do not outsource core functions as they have a significant impact on profits and may usually require direct control and decision-making. The non-core functions on the other hand have a lower primacy as compared to core-functions and organizations can outsource these functions easily (Gurvich & O., 2012). The strategic non-core functions include logistics, marketing, information technology, etc.

While the tactical non-core functions include call center, customer support, payroll, etc. This paper provides an analysis of call center outsourcing along with the motivation, risks, and benefits of call center outsourcing. This paper would focus on certain recent trends that are associated with call center outsourcing and how these trends are benefitting organizations.

Call Centers

Call centers are centralized departments or business units that handle all telephone receipts and transmissions for an organization. Call centers are responsible for handling all telephone calls coming in or going out of an organization. Organizations that rely heavily on telephone calls for providing support or engaging with customers create call centers to manage the large volume of telephone calls. Outbound call centers provide solicitation and marketing services for organizations and call existing and prospect customers to market products and generate sales. On the other hand, inbound call centers manage all incoming phone calls from customers and provide assistance and support with respect to the products and services of the organization. Apart from incoming and outgoing phone calls, many call centers also handle live chat support, social media management and marketing, faxes, and emails.

Call centers usually employ a large number of individuals that call customers or respond to incoming phone calls at a rapid pace. Most call center agents have access to a computer workstation along with telephones or headsets for talking to customers. A supervisor manages a specific number of call center agents on the work floor and is responsible for maintaining the quality and speed of calls (Schrieck, Akşin, & Chevalier, 2014). Call centers operate independently as business units or with other departments in a complex network when an organization requires high level of collaboration. Call centers or contact centers are one of the primary departments in organizations today as they serve as the first point of contact with customers. Call centers manage all contacts with customers and are of primary importance in the competitive environment of the modern era. Organizations utilize call centers to enhance company and brand image while increasing the sales of several products and services. Organizations may manage in-house call centers with complete ownership or control or outsource the departments to experienced, skilled, and cost effective organizations.

Call Center Outsourcing

Call center outsourcing is the recent trend of today's world and people are opting for this scenario so that they can maintain customer for a longer period. Outsourcing is the process of contracting outside contractors or suppliers for developing, designing, creating, managing, and maintaining specific business functions. Organizations may hire contractors to develop specific functions from the ground up or manage functions or operations that already exist. Outsourcing is not a new practice or concept and organizations around the world have been outsourcing several functions for more than two decades. Organizations and managers usually perceive outsourcing to be beneficial due to its significant role in cutting costs and increasing profits. Albeit outsourcing may be beneficial, but many organizations face difficulties to outsource due to the risks of outsourcing. Organizations have to evaluate the risks along with the benefits of outsourcing before taking the final decision to outsource specific functions or activities (Gore, 2013). On the other hand, call center outsourcing refers to the delegation, transfer, and contracting of call center functions and relevant operations to outside contractors. This form of call center outsourcing is very beneficial for organizations as it would enhance the effectiveness of both the parties.

Call center outsourcing may involve transferring some elements of call center management while retaining other functions. For example, many organizations choose to outsource the outbound element or function of call centers while retain the inbound element. Alternatively, some organizations also choose to retain the outbound function of call centers while outsource the inbound call management to third party contractors. Call center outsourcing refers to searching and obtaining resources for customer and contact management along with contracting services to entities outside the organizational structure. Organizations choose to outsource all centers due to cost saving in cost effective labor markets and seeking professional and skilled call center agents. Call center outsourcing provides excellent opportunities for small and medium enterprises that do not have the relevant skills, experience, and expertise. Small and medium enterprises lack the necessary experience and skills to manage a team of call center agents in an effective manner. Call center outsourcing has become common in the modern era of globalization as organizations outsource their call center functions to specialized call center companies.

Motivational Factor for Call Center Outsourcing

Organizations in the modern era tend to focus on outsourcing as it provides an effective and straightforward service requiring no or minimum customization. Call center outsourcing is a paradigm shift for most organizations that aim to achieve considerable enhancement in performance and operational efficiency. Outsourcing may be beneficial in several ways for organizations but they have to maintain a balance in capability, environment, and strategy. Organizations have to analyze the environmental factors along with the cultural differences when outsourcing call center functions to foreign contractors. The capability of the contractor with respect to management is also an important consideration. Alternatively, the contractor should be able to understand and implement the strategy of the organization with respect to customer interaction and communication. Call center outsourcing provides better quality of service, risk management, and dedicated customer support while opening internal resources. It also helps organizations in reducing investments in fixed assets and human resources and reallocating funds to core functions.

The primary motivational factors for outsourcing include high levels of customer and employee satisfaction, time and cost savings, increase in efficiency and productivity, and high levels of quality. Organizations are also able to focus on their core functions when they outsource secondary or non-core functions to contractors. Organizations are able to save cost and time considerably when they outsource specific functions to specialized contractors. Call center outsourcing enables organizations to enhance customer satisfaction considerably as dedicated call agents focus on customer needs in an effective manner. Outsourcing call center functions to specialized call center management organizations also enables organizations to improve customer retention, sales, and brand image. Several other factors motivate organizations to outsource call center functions including lack of skills, experience, and ineffective management of resources (Massini & Miozzo, 2012). The lack of skills and experience is one of the primary motives for call center outsourcing. The primary reason behind this motive is that organizations benefit by seeking assistance from experienced and skilled call center managers and operators.

Specialization and customization also play a significant role in call center outsourcing decisions. Organizations that aim to outsource their call center functions attempt to rely on specialized organizations and individuals that rely on call center operations for business. Call center management is the core activity of specialized call centers and they are effective in call center operations as compared to most organizations. The customization of call centers according to specific strategies and policies of several organizations is a significant motivator for many enterprises. Call centers mostly provide assistance to any type of organization irrespective of the type and nature of business. They have the ability to adapt and customize their services according to the needs of their clients in any market of the world. Flexibility also plays an important role in motivating enterprises to outsource call center operations. Contractors are able to provide customized services to customers of most organizations including inbound and outbound activities based on specific products. The flexibility of call centers and their employees enables most organizations to focus on other areas of strategic importance.

Cost and quality of service are the two most important factors that motivate organizations to outsource call center operations. Some of the largest call centers in the world include Infomedia, AssissTT, Aditya Birla Minacs, and Infosys. These specialized call centers provide outsourcing services to organizations from different sectors including IT, healthcare, banking, finance, manufacturing, and consumer products. Most of these call centers employ more than 15,000 call center agents that provide assistance and support to customers of different organizations. Infomedia is an Indonesian call center and is the largest company providing call center outsourcing services in the banking and finance sector. On the other hand, Minacs is the largest outsourced call center in the manufacturing and telecommunications sector. These call centers provide an excellent example of how organizations are benefiting from low cost and high quality labor through call center outsourcing. Most large organizations including Microsoft, Dell, Google, and Unilever either outsource or relocate their call centers to cost effective countries.

The Indian call center sector is one of the largest in the world with revenues of \$ 153 billion in 2011. The outsourced call center services to foreign organizations segment is growing at a rate of 12 percent per year. The leading call center outsourcing and BPO organizations in India include Wipro, Tata Consultancy, and Genpact. These organizations provide call center and business process outsourcing to some of the largest organizations and market leaders around the world. Many organizations also choose Philippines due to better quality and accent of call center agents as compared to Indian call center agents. Philippines became call center outsourcing hub in 2011 slightly ahead of India in terms of revenue.

India reported call center exports worth \$ 7 billion in 2011 while Philippines had exports of \$ 7.6 billion during the same period. Most Indian call center agents either struggle with accent or use unfamiliar idioms and expressions that confuse American customers (Crabtree, 2012). The reliance on call center outsourcing by most large organizations is evident from the revenues of the call center and BPO sector.

Advantages of Call Center Outsourcing

There are several benefits of call center outsourcing including alleviation of human resource issues, high level of customer satisfaction, and low level of costs. Focusing on core areas of business and effectively handling excess of calls are also advantageous in call center outsourcing (Mehrotra, Grossman, & Samuelson, 2011). The following sections briefly explain some advantages of call center outsourcing. These advantages depict that why organizations of today's world rely on call center outsourcing.

Alleviation of Human Resource Issues

Call center outsourcing enables organizations to alleviate internal human resource issues and cut down on several human resource activities. They hire cost effective employees and these employees are specialists too so that profitability of an organization is enhanced in this scenario. Call center contractors usually manage all human resource issues related to the call center including hiring, staffing, interviewing, firing, and scheduling. Organizations can save a considerable amount of money and time by reducing these human resource activities.

High Customer Satisfaction Level

Customers are not satisfied with most of the organizations because they do not have specialized staff to satisfy their needs and demands (Hira & Hira, 2005). Organizations are able to provide customer support continuously without any disruptions through outsourcing. This significantly enhances the customer satisfaction level and directly influences the bottom line. Call center outsourcing also enables high customer retention rate along with attracting new customers effectively.

Decrease in Costs

Call center outsourcing also decreases costs for many organizations, especially in case of outsourcing to labor effective countries such as India, Taiwan, and Pakistan. The case of Microsoft call center in India is the perfect example of lowering costs through call center outsourcing. Certain other organizations have outsourced their service department mainly because they want to serve their customers in a proactive manner. However, structural difficulties might be faced by organizations but these difficulties vanish with the advent of time and give benefits to the organization in both the short and the long run.

Focus on Core Business Areas

Organizations that outsource their call center operations are able to concentrate and focus on core business functions and increase operational efficiency. Outsourcing can increase quality of customer engagement and satisfaction through specialized call center management. These aspects do not distract organizations, as they believe that professionals are taking care of their customers through effective call center management.

Effective Management of Excess Calls

Call center outsourcing is the perfect solution for managing excess outgoing and incoming calls in an organization. A specialized call center can effectively manage a high call volume for any organization due to its experience and expertise. This management gives an edge to an organization so that they can proactively manage their clients.

Negative Factors Associated with Call Center Outsourcing

Organizations and customers at times claim that in the longer run they face numerous issues because of call center outsourcing mainly because of the fact that the outsourced party is unable to manage things properly (Sharp, 2003). Because of these scenarios, they experience negative factors like hidden costs, loss of privacy, security of data etc. All these factors hurt an organization in a negative manner and tarnish the growth of an organization. One of the biggest risks associated with this factor is that these risks cannot be evaluated initially and once an organization is in contract with each other they might face certain issues related to this scenario.

Deficient Quality

Quality plays a major role in the decision making of an organization as it provides a proper pathway for sales. There are several instances when outsourced call center companies are unable to meet the proper quality. This is mainly because of the fact that they are unaware about the environment, customer management, staff, etc (Sharp, 2003). Although, they are being provided with operating procedures but still they cannot work swiftly and effectively. One of the major reasons is that they are working for other organizations and it usually takes time to follow the principles and understand the policies of such organization. However, this is not the case with all the organizations as some of them follow the footsteps of quality but most of them just work on their own principles and do not regard the organization that outsourced the work to them.

Downtimes and Stoppages

There are certain risks associated with downtimes and stoppages mainly because call center contracts are outsourced in countries like India, Pakistan, Bangladesh, etc. These countries at times face issues like internet problems, electricity issues, political down turn, etc. This would create a negative impact on the performance of an organization because it would result in downtimes and stoppages (Dawson, 2003). Stability and uniformity is the key to success and when these factors are not present then there is no point of outsourcing contracts to other organizations. In the call center industry, these downtimes can be deadly because they would negatively affect the sales of an organization.

Privacy and Security

Data and its related aspects are of utmost importance for an organization because an organization can lose its control over different aspects because of this scenario (Massini & Miozzo, 2012). Call center agents might get personal with clients and they might get important data from sources and sell it to other organizations. Similarly, outsourced employees might behave rudely with the clients, which would tarnish the overall growth of the organization in both the short and the long run. Privacy and security issues are more relevant in the modern era because outsourced employees possess the tendency to transfer data from one place to another. This would create a negative image of the organization in the eyes of its customers.

Theories of Call Center Outsourcing

The process of outsourcing is backed up by several strategies and theories. These theories are essential mainly to enhance the viability of the processes. Organizations need to realize this perspective that when they opt for a certain strategy it might backfire in the short run. That is the reason why they have to develop different strategies simultaneously so that they can benefit from it in this regard. There are certain theoretical outcomes that have benefitted organizations as they can opt for a certain managerial style when it comes to outsourcing. Some of the theories associated with outsourcing are described below:

Transaction Cost Economics

This theory is one of the most widely used theoretical frameworks in call center outsourcing and most of the theories that acquire outsourcing usually go or this theoretical framework. This theory is considered one of the best decision making tools of all times. Through this theory, people can study relationship between cost and management. In the similar manner, certain other related aspects are associated with this scenario (Reynolds, 2013). Through this theory the impact of cost and management is evaluated which is the real essence of outsourcing. However, other aspects are covered in this theoretical framework too but this impact is the major aspect that is reviewed.

Relational View

This view would explain the scenarios that how call center organizations that are outsourced from another country could take advantage of these aspects. Similarly, it focuses on the fact that how they can enhance this advantage of sustainable competitive advantage. This theoretical framework is utilized in the decision making process.

Concept of Core Competencies

This theory is based on the viewpoint of resource-based economics and it is embedded with the collective learning in the organization that coordinates with multiple learning skills and integrates several multiple streams of technology. An organization should always focus on its core competencies and focusing on other aspects would hurt an organization.

The concept of core competencies mainly evaluates the effectiveness of outsourcing decisions so that organizations can gauge that whether these decisions are viable enough or not. This scenario was developed to test certain outsourcing decision for the longer run too so that core competencies of organization can be evaluated. Vendors and other related organizations believed that this theory is very important for several organizations so that they can evaluate their relationships with other stakeholders.

Agency theory

This theory manages the relationship between managers and stakeholders. It focuses on the selection process and focuses on aspects associated with quality and related concerns. In the first phase, the screening of vendors is done and an attitude towards the vendors is maintained. In the other stages of the relationship, emphasis laid on the fact that how proper balance is maintained between both the parties so that they can benefit each other.

Trends of Call Center Outsourcing

The call center industry has transformed at a rapid pace and organizations are embracing this scenario with open arms. However, trends keep on changing when it comes to call center outsourcing. These trends vary with the advent of time and in 2014, the trends of call center are a bit different. Below are some of the trends pertaining to call center outsourcing industry.

1. Economy: Instability in the economy is creeping up and this is mainly because of financial outbursts and credit crunches in the economy. Countries like China and India have increased the pay rates of their employees so that they can work effectively.
2. Security: Networks are subjected to more threats of hacking because more and more organizations are moving towards cloud computing. In the current trends data security must be improved to generate better results.
3. Technology: Call centers are now “contact” centers because of their diversified channels and enhancement of technology. Social media networks and software applications are the part of contact centers so that they can effectively focus on customer management. Through social media, marketing and effective management customers are looped with these networks to attain better results.
4. Efficiency to value: Call centers are an integral part of an organization as they provide effective support to organization. This support is essential to develop an atmosphere of customer centric organization and through this strategy; customers are inclined towards the organization (Butler, 2004).

Conclusion

This paper focused on different developments and trends of call center management and outsourcing in call centers. Call centers have reshaped the scenario of outsourcing in the recent past and that is why several organizations are opting for this channel. There are numerous advantages of this approach and people in the current era are heavily relying on these call centers. Through call centers, opportunities are created so that they can benefit other organizations and enhance income for both the parties. Leading service providers are getting better with the advent of time. However, they have to opt for recent trends to maintain their sustainability. This sustainability would result in long-term profits for them. However, call centre outsourcing for certain countries is a double edged sword because through this scenario organizations benefit a lot and general individuals of that country suffer as they do not have enough jobs. This is a dilemma, which should be balanced by the government so that equality should prevail in every nation. The entire market for call centers is fragmented now and new entrants cannot enter properly. The biggest problem is that the biggest advantages of call centers or contact centers are not guaranteed and an organization might end up in turmoil after opting for a proper contract. Proper investigation should initiate so that an organization can attain benefits in both the short and the long run. Acquiring experienced contact centers is a viable strategy and through this strategy, sales can enhance at a formidable rate.

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