



Articles

Challenges of the BPO Industry in India

The BPO sector in India is one of the most significant growth areas for India's booming economy. In the last few years alone, the Indian BPO industry has grown by 14% and has generated total revenue amounting to over 14.1 billion USD. This number is only expected to triple in the years to come. India also holds a huge chunk of the international BPO market.

6 Major Challenges Confronting India's BPO Industry

Although India has marked its spot as the world's center stage for BPO services, there are several challenges that the industry is currently facing and must overcome to go forward. Let us understand the challenges faced by India's BPO industry:

1. Frequent Disruptions

Poor internet and call traffic management, political instability (shutdowns and strikes), and frequent power outages have all taken their toll on BPO firms. Since BPO firms have to operate on a 24/7 basis, there should be no room for any disruptions. Over the past few years, Indian BPO firms have been trying their best to lobby the Indian government to obtain the essential services tag, so that their operations can be carried out smoothly

2. Rise in Un-employability

The rising un-employability of the BPO workforce is yet another challenge that Indian BPOs have to overcome. India does have a million graduates passing out year after year. But this is not enough and one must question as to how many of these graduates actually qualify for employment.

To address this challenge, companies in the BPO sector are now trying to partner with technology and management colleges. NASSCOM has also stepped in to improve the skill set of graduates and make India's young graduates better equipped to handle all BPO related work

3. New Entrants in the BPO Field

There was a time when India was the primary destination for BPO services for most global businesses. However, this has changed with new entrants such as Philippines, Malaysia, Canada, and China vying for a piece of the outsourcing pie.

As a result, the Indian BPO sector needs to take urgent steps so as to overcome the challenge of the increase in the global availability of BPO workers who are more educated and skilled. India also needs to match the level of amenities provided by these competing countries. For instance, the telecom facilities in India require better infrastructure, the current cost of services need to be reduced, new service lines need to be introduced, and operating processes need to be improved

4. Growth in Opposition Against Outsourcing

The BPO industry in India has been facing strong opposition from UK labor unions and US politicians who feel that BPO operations should not be shifted to Indian companies. BPO Outsourcing and keeping jobs within the country have now become hot topics during the 2015 presidential campaign in the United States.

Hence, the BPO section has to more vigilant and rebuff the charges made by politicians in the United States. The BPO sector has to stop being complacent and get more aggressive, especially at a time when the US and the UK are in recession

5. Lack of Talented Workforce

India is currently facing challenges in finding the right skilled professionals for filling BPO vacancies. Recent statistics taken in 2014 revealed that out of all the Indian students graduating every year, only a meager 25% of technical graduates and 10 to 15% of non-technical graduates were suitable and ready to work in the BPO industry. Indian BPOs have to make drastic improvements in their workforce by emphasizing the importance of foreign languages. Operational procedures also need to be more streamlined.

Indian workers also need to be more in sync with the American culture. BPO employees from The Philippines and Japan are more familiar with the American culture. Filipinos are also well-versed in languages like German, Spanish, and French. This poses a huge threat to India, as Indian BPOs have to continue maintaining a talented workforce or watch their work go to other countries

6. High Attrition Rates

Attrition results not only in the loss of talent, but also means significant costs have to be incurred in the training of new employees. In the Indian BPO industry, the attrition rate has been around 35%. While a UK call center employee stays in a BPO company for a minimum of three years, an Indian call center employee works in a BPO center for only 11 months. A variety of factors have combined together to make the attrition rates escalate in India, including high-stress levels, the monotonous nature of the job, lack of career growth potential, change in lifestyle, etc.

However, this attrition rate is expected to come down once the growth of the Indian BPO industry has stabilized

The Way Forward for India's BPO Industry

Recent research has estimated that the Indian BPO industry will soon witness a robust growth from \$1.6 billion to \$14.7 billion in the coming decade. By the year of 2020, the Indian outsourcing industry which consists of IT and BPO is expected to reach a whopping \$225 billion.

The emergence of disruptive new technologies, adapting business models, and an increase in technology related investments by the government in the coming years should help India retain its position as a trustworthy innovation hub.

The BPO sector was able to achieve the first USD 100 billion landmark on the back of cost and quality advantages. At the same time, it is imperative for the industry to understand that the next 100 billion milestone would be achieved by combining high-value services, IP-based solutions, vertical-friendly structures, and increased stakeholder collaboration.

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