ISCTE ⬡ Business School

Instituto Universitário de Lisboa

FROM BUSINESS PROCESS OUTSOURCING TO BUSINESS PROCESS MANAGEMENT – ROMANIA AS AN OUTSOURCING DESTINATION FOR PORTUGUESE SPEAKING COUNTRIES

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Project submitted as partial requirement for the conferral of

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While writing this project I came close to achieving *"the serenity to accept the things I cannot change, courage to change the things I can, and wisdom to always tell the difference"*.

Kurt Vonnegut

Abstract

I am working at the BPO company Genpact in Bucharest, Romania as a Process Associate Accounts Payable with Portuguese. The client with which I am working is located in Portugal and it outsourced its Finance and Accounting department. This project is an analysis of the conditions for an optimal collaboration between the partners of an outsourcing process. Please see listed below a general view on the work which will follow in the next pages.

I will first explain my motivation to work in a BPO company. I will then present a day in my life as a BPO company employee. Afterwards I will present a theoretical approach to outsourcing. I will also analyze the evolution of outsourcing: how and when it started; how it evolved up until today (from obvious non-core aspects being outsourced to a more in-depth approach, leading to outsourcing of aspects that might seem like core business); how it gained competitive advantage due to the economic crisis; how it will evolve in the future: is it going to be a regular aspect of a company's strategy or is it going to lose ground along with the overcoming of the financial crisis?

I will then analyze the outsourcing industry and the main players on the outsourcing market, including aspects like market share, services offered, portfolio, industries, competitive advantages and geographical locations. Companies from some of the Portuguese speaking countries (mostly Portugal and Brazil) choose to outsource part of their businesses in Romania, mostly due to low costs and services provided in Portuguese. The main local players, excluding the solely-IT services providers, are Genpact, Accenture, WNS and Wipro. The most common choices for outsourcing are: maintenance, security, transport, logistics, recruiting, marketing, payroll, finance and accounting, IT, procurement, manufacturing, I&D.

A survey will address the level of satisfaction that employees of BPO companies associate to their jobs, as well as the possibility of achieving a higher level of professional satisfaction by working at a regular company. In the end, based on all the issues covered, I will address the possibility to evolve from BPO to BPM.

Keywords: Business Process Outsourcing (BPO), Business Process Management (BPM), Process Associates, Accounts Payable (AP), Service Level Agreements (SLAs), Key Peformance Indicators (KPIs).

JEL Classification: M0, M1, L2.

Resumo

Trabalho na empresa de BPO Genpact em Bucareste, Roménia como Process Associate Accounts Payable com Português. O cliente com quem trabalho encontra-se em Portugal e expatriou o departamento de Finanças e Contabilidade. Este projeto faz referência às condições para uma ótima colaboração entre os parceiros do processo de outsourcing. Em baixo segue uma visão geral da minha tese.

Primeiramente vou explicar a minha motivação para trabalhar numa empresa de BPO. Vou apresentar um dia da minha vida como empregada numa empresa de BPO. Depois vou fazer uma abordagem mais teórica do outsourcing. Vou elaborar uma análise da evolução do processo de outsourcing: como e quando começou; como evoluiu (desde aspectos evidentemente "non-core" terceirizados ate ao outsoursing de processos que parecem "core"); como ganhou vantagem competitiva no contexto da crise económica; como vai desenvolver no futuro: será um aspecto básico duma estratégia empresarial ou perderá importância quando a crise vai se remediar?

Depois vou analisar a indústria de outsourcing e os principais competidores deste mercado, incluindo aspectos como market share, serviços, industrias, vantagens competitivas e localizações geográficas. Empresas de países com português como língua oficial (principalmente Portugal e Brasil) optam para Roménia como o destino de outsourcing. A escolha e essencialmente condicionada dos custos baixos e da possibilidade de beneficiar de serviços em português. As maiores empresas que oferecem estes serviços em Roménia, sem os fornecedores apenas de serviços IT, são Genpact, Accenture, WNS e Wipro. Os mais comuns opções das empresas que optam por terceirização são: manutenção, seguridade, transporte, logística, recrutamento, marketing, payroll, finanças e contabilidade, TI, procurement, fabricação, I&D.

Vou realizar um inquérito que endereçará o nível de satisfação profissional dos empregados das empresas de BPO e a possibilidade de aumentar este nível quando trabalhar numa empresa normal. No final analisarei a possibilidade de desenvolver desde BPO ate BPM.

Conceitos-chave: Business Process Outsourcing (BPO), Business Process Management (BPM), Process Associates, Accounts Payable (AP), Service Level Agreements (SLAs), Key Peformance Indicators (KPIs).
Classificação JEL: M0, M1, L2.

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1. Introduction – What motivated me to work in a BPO Company

During my BSc I had the opportunity to study one semester in Porto as an Erasmus student. After finishing my BSc I managed to come back to Portugal for an MSc in Lisbon.

Let us go back in time, back to 2012. I am about to finish my first year of studies at ISCTE Business School. The next natural step will be to find some sort of employment, given the fact that from then on attending classes will no longer be my main occupation. There is a final study-related task that I shall have to complete, that being my Master thesis, the one that I am writing right now.

I was given a few options for writing this paper:

→ a dissertation: totally not appealing since my main short term goal would not be spending most of my days in libraries without any sort of income, thus being forced to move back with my parents;

→ a case study which could be used in future academic contexts - I never fancied becoming a professor because I never had the patience to explain something that was already explained to me at a given point in time, thus having to waste numerous moments by going through the same information all over again; I am the type of person that has to move forward in life;

→ a business plan: I do not plan on starting my own business very soon in the near future, nor on a long term as a matter of fact;

→ a project within a company: this sounded like the perfect choice at the time; it summed up all the positive incentives: not having to spend most of my time in libraries, not having to "play" professor or young entrepreneur (oh, how I have the word entrepreneur) and having to find a job – I am not saying that the act itself of job hunting was appealing to me, not even the learning opportunities that might arise or the environment that would help me evolve professionally, but simply the source of income, the freedom of continuing to live on my own as I have since I was 18 years old and the concept of what seemed to be the most logical way of putting into practice all the concepts learned at a business school.

Thus, the job finding quest began. This journey took approximately 6 months of my life, from April to September 2012.

I applied on hundreds of websites from hundreds of companies from all over Europe with hundreds of different job application formats. I took hundreds of tests which were post requirements for the hundreds of job applications. I rewrote my CV at least 20 times in 20 different formats, each time trying to come up with something a bit more innovative, a bit more eye catching.

I went to various career forums (including the one organised at ISCTE), speeches and workshops. I learned Portuguese and improved my English each day. I became a member of the organising team for ISCTE-IUL MIT Portugal Venture Competition, working for free two days a week in an office in Ala Autonoma, fourth floor.

I was invited to an interview at McKinsey in Lisbon, Marques de Pombal Square, for a job opportunity in Costa Rica. I am sure you figured out what the outcome of that interview was, since I am now working at Genpact in Bucharest.

In August I came back to Romania and started searching for a job here. I went to tens of interviews. I almost got a job at Coca Cola Hellenic Bottling Company; I made it all the way to the final interview with the manager.

In the end I was given three job offers in Bucharest:

→a Helpdesk Agent at Dell Computers, which meant answering phone calls in Portuguese and providing resolutions to IT queries made by clients from Brazil; it also meant working after Brazil's time zone, from 4 p.m. until 1 a.m. when switching to Romanian time zone, reason for which I refused the offer;

→ an Account Executive at Free Communication, a Romanian Public Relations Agency; I refused because it was a local business and I felt like a multinational corporation would provide me with more experience and better future prospects; this job field was, however, the most interesting one for me;

→a Process Associate, Accounts Payable and Client Service Analyst with Portuguese at Genpact – I accepted this offer because it meant a 9 a.m. to 5 p.m. schedule (unlike the first offer), it allowed me to use my language skills with a client from Lisbon and it meant working in a huge corporation, thus having wider career perspectives after this experience.

On the second of October 2012 I started working at Genpact. I will go into more details regarding my daily work here within the next chapter.

The next chapter will provide a more in-depth view on what exactly BPO means from the perspective of an employee.

This means that I will add a personal touch to certain parts of the next chapter, as I have done in the first one, but within the limits of a Master paper and those of the Confidentiality agreements that I have signed with my employer.

I hope that this first chapter has caught your attention and I wish you a pleasant reading.

2. Case Study – A Day in the Life of a BPO Company Employee

I work in the biggest business park in Romania, somewhere in the northern part of Bucharest. A working day starts at 9:00 a.m. My job consists of both accounts payable analysis and helpdesk activities. As a helpdesk agent, there is always the possibility to receive a phone call. This means that your phone has to be logged in the moment when you arrive at the office. This activity is monitored and there are only a few exceptions accepted for being late, the monthly employee performance report including this aspect, among others.

Every employee has a badge which is validated when entering the building, when reaching the floor where they work and whenever they enter or exit the working area. The badge activity is also monitored in order to make sure that the number of minutes arriving late at work does not surpass the number of minutes leaving late from work. One has to fight for each and every minute in order to avoid certain consequences like negative monthly reports and the requirement of having to work overtime without receiving any extra benefits.

A helpdesk cannot have any missed calls from the company's clients. This means that whenever I leave the office, even for a trip at the restroom, I have to make sure that someone is paying attention to my phone and assures the person who made the potential phone call in my absence that I will be right back.

Basically, what I do is providing various information to suppliers on the payment of their invoices: net due dates and other payment details, remittance advices after each weekly or monthly payment, feedback on overdue invoices, reasons for rejected invoices, details on debit or credit notes (which can be issued for cost recoveries, returned material, price or quantity discrepancies), updates on payment terms, feedback on urgent payment requests, approval of bank details updates or any other vendor master data information.

These suppliers can be located in Portugal, as well as all over the world, and they supply various products and services to Genpact's client from Portugal. When dealing with suppliers, I speak on behalf of Genpact's client. In other words, for them, I am not Genpact's employee, but its client's employee.

On top of all that, I have to keep an on-going communication with my colleagues in India, where the invoice processing center is located, and with my colleagues in Poland, where the scanning center is located. According to the Portuguese legislation, all invoices issued by

Portugal have to be sent to a scanning center by post in their original format, after which they can be scanned, processed and later booked for payment.

Working in a BPO company means that your performance is constantly being assessed by two different groups of superiors: one from Genpact and the other one from Genpact's client. Thus, you "benefit", if I can put it that way, from two different types of assessments, each one being based on different sets of criteria. This is natural in a way, since each company has its own set of values.

From now on I will call **Genpact** my **first employer** and **Genpact's client from Portugal** will be my **second employer** or **Company X**.

Each e-mail that I receive from a supplier is automatically generated into a query. This query has to be assigned with a query reason according to the available classifications, as well as a level of priority based on which the given time frame for providing an answer is calculated. Each reply given within the respective query is called an interaction. The number of interactions increases with the level of complexity of the query. These interactions can take place between me and the supplier, me and my colleagues in India or Poland or me and a superior from my second employer in Portugal, based on the type of request sent by the supplier.

There are also queries initiated by my colleagues in India or Poland or by my second employer in Portugal. The reason for this is that I am the main connection between them and any supplier. In other words, whenever they need some sort of information from a certain supplier, they ask me to do that for them. One of the reasons for this happening is that my colleagues from Poland and India do not speak Portuguese and there are cases when I have to be a translator for them, sometimes even having to translate what is written on the invoices. However, this process also goes the other way around. Whenever I need an approval for a more complex situation, I contact my second employer in Portugal. Whenever there is an issue related to the scanning or the processing activities, I contact my colleagues in Poland or India. The downside to all this is that, from the suppliers' point of view, whenever something goes wrong, I am the one to blame.

Another downside is that, from my second employer's point of view, the accounts payable analysis and helpdesk center from Romania, the scanning center from Poland and the processing center from India are an unitary BPO services provider. In other words, we are

supposed to be part of the same team, even if we never met each other and we only communicate by phone, chat or e-mails. Not to mention that I never met my superiors from my second employer in Portugal. Going back to the main idea of this paragraph, Romania, Poland and India are Genpact for Portugal, which puts a lot of pressure on maintaining an effective collaboration between the three countries. This is an aspect which can be difficult to maintain given the long distances between each other, as well as the different time zones, aspect which is more notable in India's case.

For a BPO company, the client always has to be happy, otherwise its activity would cease to exist. Hence, the reason for the pressure mentioned above on effective collaboration between all the various locations of this BPO company, especially in cases where several different locations work together on the same process in order to provide one service to the client: Accounts Payable in this case.

As I mentioned above, one of the reasons for companies choosing Romania as an outsourcing destination is represented by low costs. Naturally, this attractive advantage for potential clients has an unwanted effect on the employees: low wages. I am, of course, not entitled to disclose my salary due to the confidentiality agreement signed with my employer, but I can confirm that it only covers my rent and paying for basic needs such as food, water, electricity, gas and occasional cultural and social activities. In other words, a BPO company employee can mostly afford a decent lifestyle. How does that affect the overall motivation of the employee?

Well, I believe I might have an answer to that question. The motivation is low. There are, of course, other factors that contributed to me drawing this conclusion. One of them is the daily routine. The first two months are not that bad. There are plenty of things to learn: all the "perks and tricks" within the process you will soon be able to take over, how the softwares work, all the procedures which must be fully respected at all times. The first weeks also include various induction trainings, as well as tests and job shadowing, all of which will help you become a certified process associate at the end of the induction period.

The first month after the induction period is also not that bad. It is the time to implement all the newly acquired skills. You take over the process and you find yourself "overwhelmed" by all these new responsibilities and all the decision making power. I can tell the scanning center to urgently scan a certain invoice or the processing center to urgently book an invoice and

they will do it without any questions asked because they trust my judgment and my ability to determine the urgency of each query.

After the first month of being on your own with the process, the routine starts to kick in. You already know all the "secrets", there is nothing new left to learn and your work basically turns into a template you apply each day, without much variation. Naturally, this also decreases your motivation. BPO companies do not encourage their employees to work for more than eighteen months on the same process, so at the end of that period they give you the chance to relocate on a different process within the same client or for a new one. This also means that you have to go through all the induction period again and learn all the "tricks and perks" of the new process.

There are not many possibilities to climb up the organizational pyramid in a BPO company. One has to try out several different processes for up to 4 years before she or he can climb one step of the pyramid. The next steps are even harder to climb.

Let us go back to the idea of Genpact's client being my second employer. It does play this role from the point of view of all its values that I, as any other employee of that certain company, have to respect. Moreover, whenever I send an email, my signature does not say Genpact, but Company X and whenever I answer the phone the first words that come out of my mouth are also Company X. However, my daily route to work does not lead me to Company X, but Genpact. So do I really work for Company X or is it all just an act?

The point I am trying to make is that BPO companies employees lack the sense of inclusion and direct appraisal for the services they provide to Companies X, Y, Z, etc. Their performance is, indeed, measured and appraised by the BPO Company, but they never get the chance to witness the positive effects that their actions might have on the overall performance of Companies X, Y, Z.

Enough about me, let us concentrate on my colleagues for a change. I will now analyse the existing types of BPO companies employees, analysis based on daily pertinent observations. I will use the male gender when making reference to an employee type only for the sake of simplicity in expressing my ideas, with no link whatsoever to gender discriminations or generalizations.

☀ The economist has quite a few years of work experience in some medium sized, local companies. He is a middle aged employee who actually calls himself an economist in an old

fashioned way due to its economics related profession. He never got the chance to advance in any of the companies he has previously worked for, but considers himself as having a successful career, the only criteria on which this judgement being based is that his profession is not that bad, it could be worse given the economic crisis context. He is not delighted with his daily work, but completes all his tasks on time because he was brought up in an environment in which it is common sense to do your job and not complain.

☀ The student is tired and full of life in the same time, in a weird, logic defying way. He often has to come to work late or leave early because of his student obligations, but he always makes up for the "lost" time by working overtime in other days, sometimes even until 8 p.m. He does not like his job, but feels like this is the perfect environment for becoming more responsible and assuring himself bright future career expectations, thing that keeps him going even when this seems humanly impossible.

☀ The former Erasmus student, current employee badge number 123456 learned a foreign language thanks to his Erasmus experience. He calls it the best and craziest and least responsible experience of his life. He is proud of having made all those trips and all those friendships with people from all those countries. He likes meeting other former Erasmus students in the company in order to have something to talk about on lunch break. They cheer each other up by telling all those stories and praising the miracle of being able to get this responsible job as a reward from learning a foreign language while doing all those irresponsible "Erasmus things".

☀ The business school graduate has dreams of becoming a young entrepreneur. He always brags about his business making ideas and his business-wise thinking or all the job offers he keeps receiving. After all these he feels the need to excuse himself for working in a BPO company by using lines like "now that I got this job, I have to stick with it for a while, it doesn't look good in your CV to stay for such a short period of time at one company; you have to build up your reputation".

☀ The foreign languages school graduate, believe it or not, represents the majority in a BPO company where speaking at least two foreign languages is a job requirement. He used to dream about travelling the world and making a leaving as a freelance translator or working for the EU Parliament or teaching foreign languages in other countries. He left all that behind and joined the corporate world. Some leave after a while, others stay for years and sometimes

make it to top management. I often get the feeling that they are the most hardworking BPO employees.

☀The outsourcing fanatic really likes his job. He praises the concept of outsourcing. He is not exactly sure why, but he simply loves it. If I would tell him "there is a revolution going on, BPO is turning into BPM", he would be the first one to join the battle, even unarmed. He dreams at night about Lean and Six Sigma and process optimization. He comes to work one hour earlier and leaves two hours later than the required schedule. He attends numerous process quality trainings and sometimes even goes on business trips paid by the company, which makes him love his job even more.

☀The warrior is a suicidal outsourcing fanatic. He takes on responsibilities over responsibilities, he works on his own project which he came up with while working within a certain process and discovering a better, faster, leaner way of optimizing the process. He is something like an inventor. He thus convinced the client to give him a special position within the BPO company, with a special name that makes him seem privileged. However, despite the obvious benefits arising from this, he is the most stressed individual in the company and sometimes curses the day he decided to go on this "process optimization trip".

☀The dreamer is too positive for my taste. No trace of sarcasm near him. He always thinks positive and never complains. He makes his job seem like bliss and goes through a working day flouting. He does not have too many expectations or future plans, but likes to take things easy. Usually, things go pretty well for him.

☀The traveler resembles more or less to a hitchhiking alien. This is where I fit in. I know, I was supposed to talk about others for a change, but I will make it brief. This employee type might actually be a combination between a former Erasmus student, current employee badge number 123456, a business school graduate and the employee who wants to leave the impression that there are some big plans ahead for him, the only problem being that he has not figured them out yet.

Thank you for bearing with me during these first two chapters. I promise that the next ones will be written in a more formal, appropriate tone.

The aspects covered in this chapter will be further analysed from a more practical point of view along with the survey analysis part. As probably expected, the respondents of this survey will be my colleagues at Genpact.

3. A theoretical approach

3.1 Definition of Strategic Outsourcing

Strategic outsourcing from the point of view of the BPO services seaker means focusing time, attention, effort and resources on the company's core business or in what the company knows best (in what brings competitive advantage) and shifting outside internal essential, but non-core functions.[1]

1. A graphical representation of strategic outsourcing
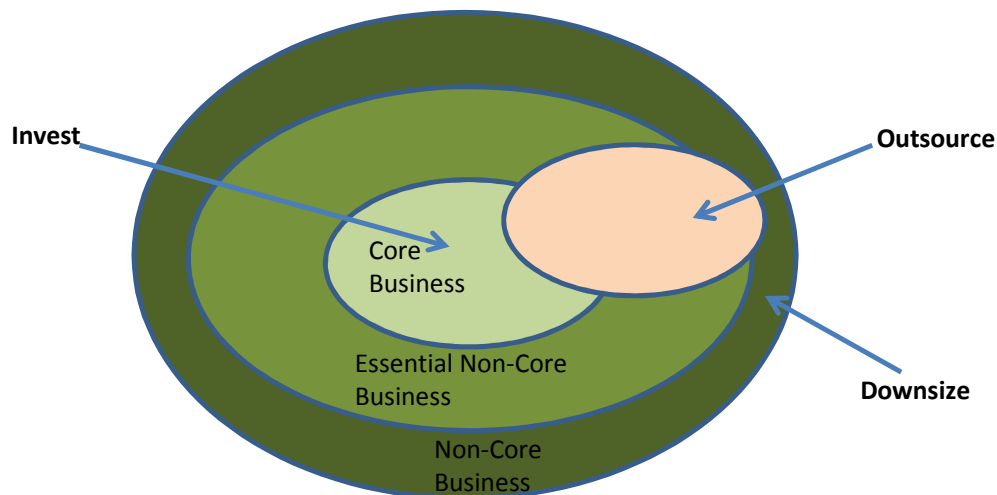
Source: IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011

3.2 Outsourcing Background and Evolution

3.2.1 Outsourcing background

In late 1990s and early 2000s, BPO consisted of outsourcing or offshoring internal responsibilities of a company in ways which are described below.

Outsourcing meant transferring a task to an outside contractor. The company would only control the output of the process. The contractor would perform similar services for all its other clients. The best examples would be outsourcing food or cleaning services.[2]

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[1] IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011

[2] *The Evolution of BPO in India.* PricewaterhouseCoopers. April 2005. Published by Indo-American Chamber of Commerce

Offshoring meant transferring a function to another country. The company would maintain supervision and control over both the input and the output of the process. The provider would be established by the parent company to provide services only to its own business.[2]

3.2.2 Outsourcing Evolution
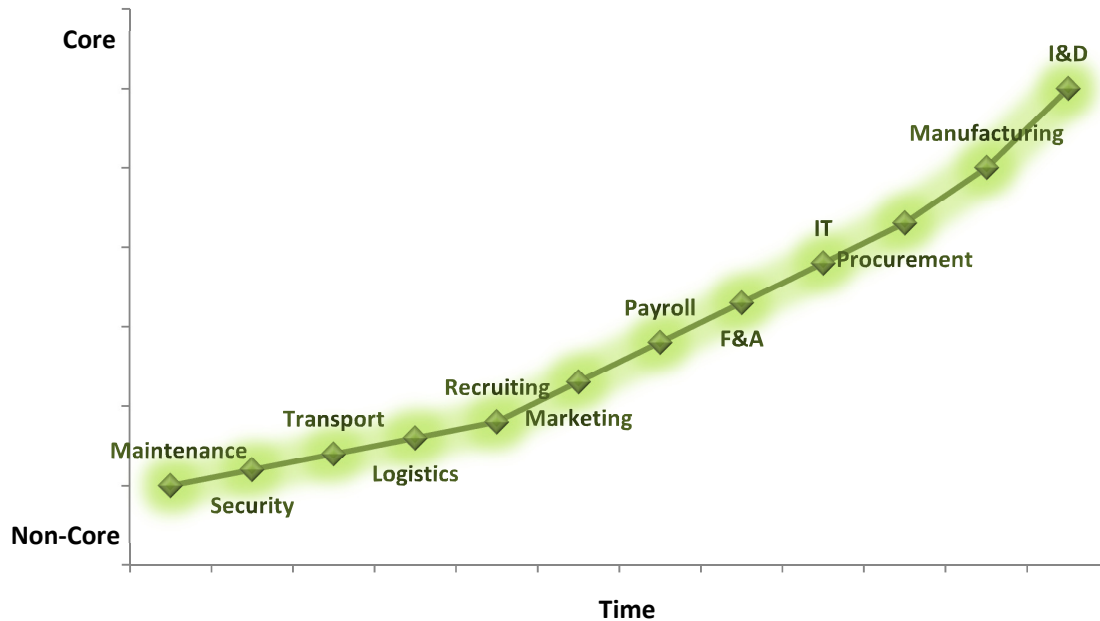
2. Outsourcing Evolution - *Source: IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011*

In addition to the traditional logistics, supply chain, security and recruiting processes, outsourcing has evolved in time to a more sophisticated and diverse approach, providing services like: "*legal services, tele-sales, spare parts management, warranty management, real estate management, marketing intelligence and knowledge management*"(**KPMG Romania.** 2011. Romania as the destination for SSCs and BPO).

In the 1980s, BPO manifested itself through software companies from countries like India sending their employees to companies from countries like USA to execute on-site IT projects. Thus, US companies would spend much less than on a local IT specialist and Indian employees would earn more in a few days than they would in an entire month.

In time, these IT projects started to be executed both on-site as well as off-shore. Stabilization or optimization projects would be developed at the client's premises, while programming or code writing could be done from a different location.

After a while, more companies started acknowledging the financial and expertise-related benefits arising from these services. Big multinationals started building separate business units in low-cost locations which would only operate for the parent company. These entities started offering, alongside IT services, transaction-based activities as well which were called business processes. Thus the concept of keeping core processes in-house and farming out non-value creation processes was born.

Those separate business units evolved from working for a single client to having a wide portfolio of different clients from different industries and locations. They became BPO providers with offices all over the world.

The BPO industry has been one of the fastest-growing economic sector. However, there are some negative outcomes expressed through job losses in home economies. Still, outsourcing is encouraged due to several reasons (Singh, Shelley, 2003. BPO Status Report. *Business World.* August 4).

One reason would be the context of globalization which enables economic growth through international trades and foreign investments.[3]

Another reason would be the overall meaning of BPO: **international service trades**. Thus, new opportunities of economic growth can be achieved. In this sense, job losses have been considered a short-term price to pay for the long-term positive outcome of outsourcing.[3]

3.3 Outsourcing strategy and investment optimization from the point of view of the company that wants to outsource

3. Outsourcing Strategy – Steps

| 3.3.1 Mobilize | 3.3.2 Validate | 3.3.3 Select | 3.3.4 Implement | 3.3.5 Transition |

Source: IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011

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[3] (Singh, Shelley, 2003. BPO Status Report. *Business World.* August 4)

3.3.1 Mobilize

The company first has to identify the business case, the scope and the objectives.

The business case should be based on risks by scenario, as well as current and projected costs. The scope should reflect itself upon organizational inter-dependencies, the processes affected and the project constraints and expectations.

The objectives should take into consideration the corporate vision and mission. They should be set according to key outsourcing value drivers and key success metrics and benchmarks.

The company will go through a vast organizational change, so the employees affected should be prepared for this, starting with the leadership. The stakeholders should also be given the chance to express their oppinions on the outsourcing strategy.[4]

3.3.2 Validate

The company first has to determine if outsourcing is indeed more profitable than in-house services and for which processes. This decision is based on several requirements such as: competitive capacity, level of dependence on resources such as in-house skills that have to be learned by the service providers, the time spent on learning processes, the level of risk associated with the disclosure of certain information and regulations.

The company then has to identify any restrictions which will have to be imposed on service providers. The support can be shared between the company and the BPO provider or it can be entirely taken over by the provider (dedicated).[4]

4. Types of locations of service delivery
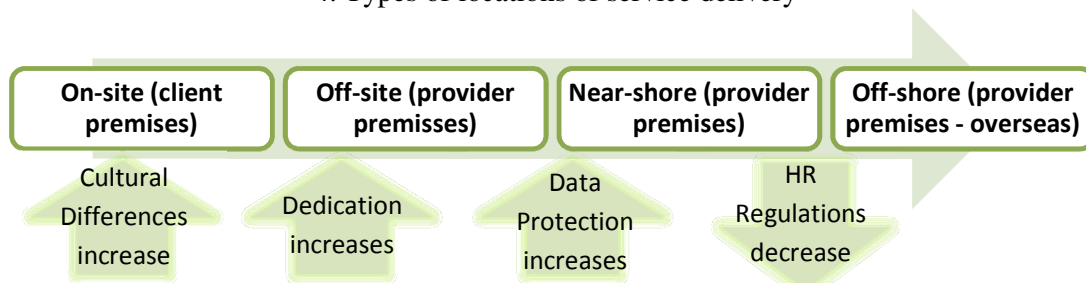
On-site (client premises)	Off-site (provider premisses)	Near-shore (provider premises)	Off-shore (provider premises - overseas)
Cultural Differences increase	Dedication increases	Data Protection increases	HR Regulations decrease

Source: IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011

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[4] IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011

The client then has to validate the potential service providers. These can be classified into four main types:

- Full-service providers are those that can perform according to a life cycle service strategy with complex strategic drivers, offering a unique solution and forming a long term partnership with the client.
- Multi-process providers can perform according to the needs that the client's processes accumulate during most of their life cycle. They can deliver for highly complex processes, but without covering their entire life cycle.
- Niche service providers can perform according to the needs of a few specific processes, but with a high level of strategic complexity which makes their solutions, although limited within their area of expertise, still unique.
- Application service providers can deliver for a few specific process-related tasks with low levels of complexity.

Among the outsourcing options that a client can take into consideration are choosing a single outsourcer or going for selective outsourcing.

- The first option is more convenient due to simplified relationships between client and provider, effective standardization, economies of scale and technological optimization. However, there is a strong dependence between the client and the provider.
- The second option can bring more solutions to the client's problem among which the best one can be chosen. Moreover, the client is in a better negotiation position. However, the providers will have to cooperate, aspect which could lead to certain difficulties.

After going through all these stages, the client has to draft an RFP (Request for Proposal), a term sheet and evaluation criteria.

The RFP states the levels of service required. The term sheet states the terms and conditions of the contract, as well as the pricing format.

The evaluation criteria will be used to assess the provider's performance and it will be based on certain priorities, service level agreements, key performance indicators. Evaluation team members will be named and their work will be based on evaluation score cards. For the provider, not meeting the established service level agreements can lead to certain penalties, financial or in other forms.

After validating the outsourcing strategy at an organizational level, the same process has to be completed with the stakeholders. The discussion should cover aspects such as business terms, scope, risks, and so on.[5]

3.3.3 Select

Prior to the actual selection, the RFP needs to be finalized and issued. This process includes the revision of business parameters such as service levels and requirements and that of information correctivenes and goals stating clarity.

Afterwards, the plans given by the potential providers as answers to the RFP must be analysed and measured to see if they bring a positive contribution to the stated goals.

The provider's solution which best covers the client's requirements is reviewed before being chosen. The solution is tested with the client's strategy (in terms of service, sourcing and business) and the optimal risks/benefits scenario. It is also reviewed with the stakeholders.

3.3.4 Implement

Before the actual implementation, the client should visit the facilities of the provider. Afterwards, the negotiation process can begin.

The main aspects of the negotiation are the terms, the conditions, the service level agreements, the schedules and the legal risks.

The contract must be approved by the stakeholders, after which it is free to sign.

Other steps of the initial implementation process are: relationship management, business transition planning, governance and other administrative activities.[5]

3.3.5 Transition

The provider's performance will be constantly tracked and measured in order to assure that they respect the initial agreement.

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[5] IT for Managers course held by Professor Manuel Lopes da Costa and employees from Delloite Portugal on November the 3rd 2011

Al progress related data must be recorded in a standard format. Progress will be measured through an effective reporting plan.

Stakeholders will be included in all stages of the process.

3.4 The Vendor-Client Relationship

The client bases its outsourcing decision on 3 factors: "*removing costs, improving efficiency and transforming the process*" (Halvey, Murphy Melby, 2007: 340, 341, 383). The level of complexity along with the level of benefits increase with each factor.

Removing costs mostly applies to standard, routine processes, with measurable outcomes and easy to handle risks. The focus on the process shifts entirely from the client to the vendor.

Efficiency increase implies improvements on managing processes often through inserting new technologies. The focus on the process is shared between the client and the vendor.

Transforming the process targets improving the firm's competitiveness. The results can be additional revenue or business value. The focus is aimed at several processes and it is strategically shared between the client and the vendor. This type of outsourcing brings risks and rewards to both parts.

The success of a vendor-client relationship is conditioned by quality and trust in letting the vendor handle confidential information from the client.

Such a relationship is a long term one and implies difficult challenges when trying to terminate it. The two parts become dependent on each other and, in order to let go, the circumstances must be extraordinary and decisive.[6]

When choosing the right vendor, the client should analyse several potential risks related to:

- location – local regulations, currency, cultural, political and social differences;
- migration – to be dealt with in a timely manner in order to avoid business process interruptions;
- operations – to make sure that the service requirements are fully understood;

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[6] Halvey, J. K., Murphy Melby, B. 2007. Business Process Outsourcing: Process, Strategy and Contracts. New York: John Wiley.

- capability – to make sure that the vendor is capable to meet the requirements;
- strategy – to avoid unreasonable dependence on the vendor and to assure that the contract's terms will be met by examining the legal system of the host country;
- expectations – formulating a Customer Experience Management framework which would state the level of expectations on critical areas: technology, increased business value, end customer intelligence.[7]

The risks mentioned above are countered by certain attributes that the vendor should possess such as: "*process excellence, global delivery, analytical approach* <measured through employee retention>, *IT expertise, domain expertise, stable workforce, scale* <measured through the vendor's infrastructure in large-scale engagement across functions, units and locations>" (Chandrasekhar, R. 2009: 11).

3.5 BPO Metrics

Privacy refers to confidentiality in managing the client's internal information. Vendors build safeguard systems such as Citrix, which is a secure platform accessed with employee identification tools provided by the client to the vendor.

Thus, the vendor can access certain information directly from the client's servers. According to each process functions, BPO employees have access to some of this information which is relevant to their jobs. Based on their job requirements, this information is partly read-only.

Pricing can be done "*on a time and material basis, on a transaction basis or by a fixed-price contract*" (Apfel, A. 2003).

Prices based on time and material are calculated annually through personnel/services rates which include all the costs implied by handling processes plus a margin. However, these rates only take inputs into consideration, the benefits such as quality and performance improvements not being included. Hence, pricing developed into a transaction-based model which also takes into consideration the outputs of the process. Moreover, it motivates vendors to improve efficiency in order to increase their margins.

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[7] Chandrasekhar, R. 2009. Genpact Inc. Business Process Outsourcing to India. Ivey Management Services, Richard Ivey School of Business, The University of Western Ontario.

Alternatively, vendors can present a pricing options list with different benefits described at each pricing type. This is part of a fixed-price contract.

From the vendor's point of view, margins increase along with the maturity of the relationship with the client. As a result, a vendor's strategy is based on nurturing long-lasting relationships with clients.

Performance metrics can be "*business-related or service-related*" (Apfel, A. 2003).

Business-related metrics are applied throughout the entire business performance, including outsourced parts. Furthermore, metrics are calculated the same way for both in-house and outsourced processes in order to provide an overall view on the organization.

Service-related metrics measure the efficiency and effectiveness of the BPO vendor. The aim is assuring an optimum service level provided by the vendor. These metrics evaluate financial and non-financial outcomes based on predefined baseline, targets, goals and benchmarks. The result is a process performance analysis in comparison to initial requirements.[8]

Protection is measured through integrity, data security and compliance. Integrity and data security are assured through "*encryption standards, firewalls, intrusion detection, content filtering, monitoring, physical security standards, authentications, access-control audits and disaster-prevention mock drills*" (Chandrasekhar, R. 2009: 14). Compliance means respecting industry-specific regulations.

When I started working at Genpact, the first month consisted in attending numerous online and on-class trainings followed by taking and passing tests for each training. Among these trainings there were Integrity, Data Security and Compliance. In order to pass them, the final test score would be at least 90%. These tests have to be renewed every six months by each employee. In case of non-compliance to these testing standards, escalations take place first at the next higher level (meaning the team leader) and, when needed, all the way up to the manager.

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[8] Apfel, A. 2003. Developing Metrics for Ensuring BPO Success. Gartner Research.

3.6 Further Research

Companies that have taken an early decision for adopting BPO services have experienced positive outcomes in terms of "*efficiency, scale and lower operating costs*" (**KPMG Romania.** 2011. Romania as the destination for SSCs and BPO) which, according to several studies, amount to a 30% increase in benefits compared to keeping all processes in-house. As a result, a high number of companies which have not yet acted on outsourcing are starting to do so due to the increasing need for cost cuttings.

There are also cases of companies which have initially outsourced part of their processes in "*well-established economies and are now considering moving them to lower cost locations*", but which offer innovation, high operational and financial performance, "*comparative service quality and safe business environments*" (**KPMG Romania.** 2011. Romania as the destination for SSCs and BPO).

Another recent trend is the increased attention shift from application service providers towards full-service providers. As a result, "*BPO activities have gained in scope*" (**KPMG Romania.** 2011. Romania as the destination for SSCs and BPO).

BPO providers are becoming increasingly selective in choosing their clients due to a rapid evolution of the outsourcing market and an impressive growth of the outsourcing services seekers. In other words, providers are starting to gain better negotiation positions.

Clients are becoming more careful in defining their core business in order to make sure that they keep their knowledge and key functions in-house. As a result, confidentiality agreements are becoming increasingly demanding.

BPO providers are starting to think more as providers of process management solutions and ideas rather than just process vendors. They are constantly improving their knowledge base through quality trainings such as Lean and Six Sigma, thus being able to offer a problem-solving solution to the client, rather than just a strictly defined process service delivery.

Furthermore, the term "outsourcing" can be easily associated to negative connotations such as layoffs on the client's side.

In this context, would it be possible to see an evolution from Business Process Outsourcing to Business Process Management?

4. Analysis of the outsourcing industry in Romania

4.1 The macro environment in Romania – PESTEL analysis of the outsourcing industry

The PESTEL analysis presents "*a comprehensive list of influences on the possible success or failure of particular strategies*" (Johnson, Scholes, Whittington, 2008: 55). PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal.[9]

More exactly, this framework provides insights within the government's role, macroeconomic influences such as "*exchange rates, business cycles and differential economic growth rates*" (Johnson, Scholes, Whittington, 2008: 55), social influences such as "*changing cultures and demographics*" (Johnson, Scholes, Whittington, 2008: 55), technological innovations, environmental issues and "*legislative constraints or changes, such as health and safety legislation or restrictions on company mergers and acquisitions*" (Johnson, Scholes, Whittington, 2008: 55).

Romania is ranked "*among the top 5 European destinations for all types of global services activities*" (**KPMG Romania.** 2011. Romania as the destination for SSCs and BPO). This type of activity is performed either by "*setting-up and expanding shared service centers*" or by "*outsourcing particular activities to local BPO entities*" (**KPMG Romania.** 2011. Romania as the destination for SSCs and BPO).

5. PESTEL analysis of Romania's outsourcing industry (based on the following research paper: **KPMG Romania.** 2011. Romania as the destination for SSCs and BPO)

Political
• government incentives to outsourcing-related sectors;
• state incentives to boost employment in the outsourcing-related sectors;
• European Union, United Nations and Organisation for Security and Cooperation in Europe (OSCE) memberships;
• co-financing projects benefiting from European funds;
• not enough support from the government to support infrastructure projects;
• the government, along with EU sources offer investment incentives to attract FDI,

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[9] Johnson, G., Scholes, K., Whittington, R. 2008. Exploring Corporate Strategy. Text and Cases. 8th Edition. Harlow, Essex: Prentice Hall, Financial Times, Pearson Education Limited

including real estate tax exemptions, as well as preferential tax deductions for the purchase of new technology and R&D centers; ****

- while the private sector manages to record a GDP surplus, the public sector keeps increasing its GDP deficit; **

- large enterprises can be granted financial support from the government for initial foreign investment exceeding the RON equivalent of EUR 100 million, with eligible costs of over EUR 50 million (RON equivalent) if they create at least 500 new jobs; ****

- BPO related incentives to EU funding: investments in human capital development, total funds available for Romania amounting to EUR 4.25 bn for the period 2007 – 2013. ****

Economic

- World Trade Organisation (WTO), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Central European Free Trade Agreement (CEFTA) and United Nations Conference on Trade and Development (UNCTAD) memberships;

- IT&C, Financial and Support Services are among the best ranked Foreign Direct Investments in Romania;

- transportation costs are high because the infrastructure is relatively undeveloped compared to the CEE peer countries; Romania only has 320 km of highways and 270 km under construction;

- in 2009, the Romanian authorities signed a loan agreement with the EU, the IMF and other international financial institutions, worth EUR 20 billion;

- Romania registered an account deficit of 11.6% of GDP in 2008; after the loan mentioned above, the account deficit was 4.5% of GDP in 2009, 6.58% of GDP in 2010 and 4.3% of GDP in 2011; the prediction for 2012 was 2.2% of GDP and the prediction for 2013 is 1.7% of GDP; **

- Romania registered a 7.1% increase in GDP in 2008, followed by a 7.1% decrease in 2009, a 1.2% decrease in 2010 and a 2.5% increase in 2011; the prediction for 2012 was a 4% growth in GDP; **

- inflation rate was 4.74% in 2009, 7.96% in 2010, 3.14% in 2011 and 3.12% in September 2012; **

- local currency has been relatively stable, with the following annual exchange rates: RON 4.23/EUR in 2009, RON 4.20/EUR in 2010, RON 4.24/EUR in 2011 and RON 4.45/EUR

in 2012; **
• steady, inexpensive and qualitative flow of skilled resources to meet the growing demand of BPO entities.

Social
• population of around 21 million → high labor force;
• high number of university graduates in business and IT studies;
• highly skilled workforce with low costs, the average gross salary being 450 EUR and the average net salary being 330 EUR;
• good quality of the Romanian education system and sound knowledge of foreign languages such as: English, French, Hungarian, Spanish, Italian, German, Portuguese and Russian;
• high availability and qualifications of the Romanian labor force;
• attractive for western European countries thanks to a favorable time zone: GMT + 2, as well as to a high cultural compatibility;
• most Foreign Direct Investments come from Central and Western Europe, the top investors being the Netherlands, Austria, Germany and Great Britain; ****
• the main Romanian cities are connected to large European cities by direct flights;
• the business culture is steadily aligning to standards imposed by well-established economies.

Technological
• Romanian authorities recognize the importance of the IT sector and, in this respect, IT specialists have been exempt from salary tax since 2001, the aim being to retain workers with high level of IT expertise in Romania;
• Romania has historically excelled in providing highly skilled IT and engineering specialists with companies such as Microsoft and Oracle first investing in Romanian technological knowledge 17 year ago;
• the overall Romanian IT market has continued to grow, despite tough economic conditions;
• Romania has consistently been the fastest growing IT market within the CEE Region;
• IT outsourcing services have increased from 2008 until now up to 50%;
• the Software and IT services volume in the past recent years has reached over 700 million

EUR annually;

- growth of both IT services and IT infrastructure support, accompanied by increased deployment of Quality Management systems;

- the share of IT outsourcing services within the total IT market is around 97%.

Environmental

- constructions of huge office buildings, as well as parking lots, leading to an increased level of pollution;

- the need to purchase huge amounts of technical equipment, which means increased production and transportation levels, thus leading again to high pollution;

- BPO companies usually concentrate a high number of employees, which often results in many people relocating from their home towns to the city where the company is located, thus increasing traffic and, ultimately, pollution.

Legal

- legal constraints are still subject to frequent and rapid change;

- the need to obtain comprehensive advice before taking any investment decision;

- high security of intellectual property;

- value added tax in Romania is 24%; ***

- net taxable income is taxed at a flat rate of 16%; ***

- the basis for applying the social security contribution (31.3%) for the employer is capped at the number of insured persons multiplied by 5 times the average national salary; ***

- the main Romanian social contributions are: social security, health fund, unemployment fund, risk fund, salary guarantee fund, medical leave and allowances; ***

- financial attractiveness: compensation, infrastructure and tax & regulatory costs;

- the main legislative conditions upon which state aid is granted to foreign investors are: initial investment volume (EUR million) and number of new jobs created; ****

- employers who hire recent graduates may apply for a monthly grant calculated by multiplying the reference social indicator by 1.2 - 1.5 for each new graduate (depending on the education level of the employees), for a period of 12 months.
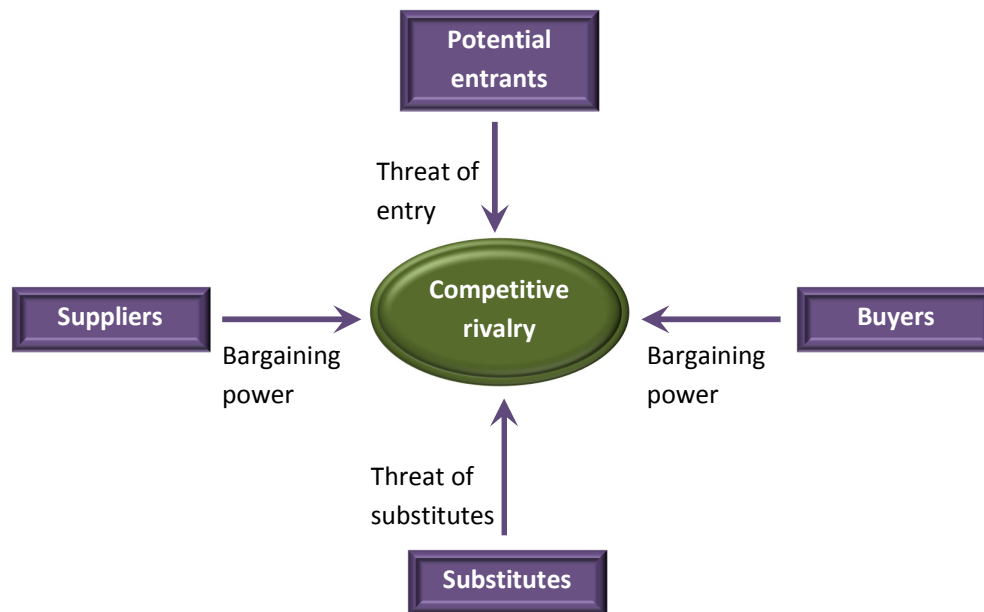
4.2 Outsourcing's competitive forces

6. Porter's five forces framework

Source: Johnson, Scholes, Whittington, 2008: 60

According to Porter, an industry is attractive when these five forces are low.

Threats of entry need to be overcome by potential entrants in the industry. These could be: "*scale and experience, access to supply or distribution channels, expected retaliation, legislation or government action, differentiation*" (Johnson, Scholes, Whittington, 2008: 61). In the case of outsourcing, these threats are high as a new entrant needs to go through a long list of formalities, as well as the vital necessity to assure its potential clients of the quality and security of the services provided.

The existence of a high number of substitutes means that clients can easily switch from one BPO provider to another. The threats of substitutes could be: "*the price/performance ratio, extra-industry effects*" (Johnson, Scholes, Whittington, 2008: 62). A BPO provider signs a collaboration contract with a client for a determined period of time. If, after that period, the client is not fully satisfied of the services received, it can easily switch to another BPO provider. Moreover, the number of these providers, as well as the level of demands from the clients have been increasing during the last years. However, the client is "stuck" with the provider during the entire period mentioned on the contract, except for when terms of the agreement are violated. Hence, the threat of substitutes is medium.

Buyers are the BPO provider's clients. The buyer's bargaining power could be based on: "*concentrated buyers, low switching costs, buyer competition threat*" (Johnson, Scholes, Whittington, 2008: 62). In the case of outsourcing, the client is always in a better negotiation position. However, the demand for outsourcing has been increasing in the last years, thus providing the BPO companies with more options within the negotiation process. Hence, the buyers' bargaining power is medium.

Suppliers of BPO companies supply resources like "*labour and sources of finance*" (Johnson, Scholes, Whittington, 2008: 63). The sources of finance come from the clients. Without its clients, a BPO company would cease to exist. Labour availability in the case of outsourcing is usually high, especially when the company is located in low-cost areas. The supplier's bargaining power could be based on: "*concentrated suppliers, high switching cost, supplier competition threat*" (Johnson, Scholes, Whittington, 2008: 63). In the case of outsourcing, this power is medium.

Competitive rivals are other BPO companies providing similar services to similar clients. Competitive rivalry power could be based on: "*competitor balance, industry growth rate, high fixed costs, high exit barriers, low differentiation*" (Johnson, Scholes, Whittington, 2008: 64). In the case of outsourcing, rivalry is high since the industry is constantly growing due to the financial crisis context, exiting the industry is a tricky choice due to all the formalities involved and differentiation is difficult to achieve (providers used to differentiate themselves through applying Lean or Six Sigma concepts onto their processes, but nowadays most of the providers are doing that).

As a conclusion, I will draw an Outsourcing Industry Structure framework based on the level achieved by each competitive force.

As explained in more details in the first part of this subchapter, each force was analyzed from the perspective of the outsourcing industry.

7. Porter's five forces in the case of Outsourcing

Rivalry	Threat of subtitutes	Supplier power	Buyer power	Threat of entry
high	medium	medium	medium	high

The table above depicts the level achieved by each force out of three options: low, medium and high. After this, the framework below will provide a more visually-interactive look on the industry.

8. The Outsourcing Industry Structure (Johnson, Scholes, Whittington, 2008: 72)
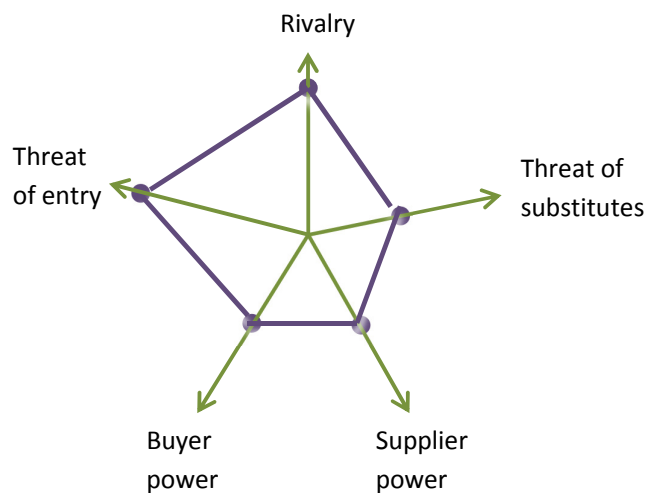
5. Analysis of the main players on the Romanian outsourcing market

The main local players, excluding the solely-IT services providers, are Genpact, Accenture, WNS and Wipro.

9. Brief presentation of the main BPO companies in Romania - *based on the information provided by their websites.*

	Genpact
BPO experience	Since 1997
Headquarters	Gurgaon, India
Global presence	Czech Republic, Spain, Romania, Poland, United Kingdom, Finland, Germany, Hungary, The Netherlands, France, Guatemala, Mexico, USA, India, China, Philippines, Japan, UAE, Brazil, Australia, Morocco, South Africa.
Number of employees	60,500+
Revenue in 2012	$ 1.60 billion

Services offered	• Aftermarket Services • Analytics & Research • BPaaS • Collections • Contact Center • Direct Procurement • Engineering Services • Enterprise Application Services • Finance & Accounting	• Human Resource Services • Indirect Source to Pay • IT Infrastructure Services • Learning & Marcomm Services • Legal Services • Media Services • Reengineering • Risk Management Services
Industries served	• Aerospace • Automotive • Banking & Financial Services • Capital Markets • Chemicals • Consumer Goods • Energy • Healthcare - Payer	• Healthcare - Provider • Hi - Tech • Hospitality • Insurance • Life Sciences • Retail • Telecommunications • Transportation and Logistics
Prizes		• 2012 FinTech 100 Rankings Published - Genpact among top 25 global financial technology firms (Ranked 22) • Process Excellence Award for "Best Process Improvement Project in Service & Transaction" at Indian Process Excellence Awards from IQPC • #1 in NASSCOM's Top 15 BPO exporters in India for the year 2010-11. • DSCI Excellence Award for Security Leader of the Year • NASSCOM Award For Smart Enterprise Processes (SEP) Frameworks in the Process Innovation Category • NASSCOM IT Innovation Award in the Internal Process Innovation category for the year 2011. • Best Integration of Learning and Talent Management: GOLD Program • Best use of Performance Support: Tool for IT Support - isolve • Best use of Blended Learning: Disha - Advanced analytical Learning • Top Global Procurement BPO Providers by NelsonHall • Best Performing BPO, FAO, HRO, Procurement Outsourcing & Industry Specific BPO Provider • features in neoIT 2010 Global Services Top 100 Service Providers List, fourth year in a row • NASSCOM Ranks Genpact As the No.1 BPO Company in India • LOMA's Excellence in Education Award for the Sixth Time • DQ Top 20 list of Indian BPO companies • Best Performing BPO Provider and Best Performing FAO Firm, neo-IT Global Services 100 Survey, 2009 • Top 10 Best Managed Global Outsourcing Vendor, No.1 End-to-End Procurement Outsourcing & No.2 F&A Outsourcing Vendor • No.1 BPO Company in India • Global Top 10 Outsourcing Provider - International Association of Outsourcing Professionals (IAOP) Global Outsourcing 100 Ranking, 2009 • Fastest Growing BPO of the Year - International ICT Awards - Philippines 2009 • Best BPO Provider – Europe - International Quality and Production Council (IQPC), 2008 • Best Business Model – China - International Forum of China Outsourcing Development and Corporation (CODC), 2008 • Top 10 Offshore Service Outsourcing Company and Outstanding Social Responsibility Award • Best ITO Service Provider and Best ITMS Provider - Chinese Enterprise Informatization Top 500 Conference, 2009 • Best Corporate Volunteer Program - American Chamber of Commerce in Romania • Featured in the Gartner Magic Quadrant • Challenger in the 2009 MQ for Help Desk Outsourcing, North America

	• SAP Certified Global AMS (Application Management Services) Provider
Competitive differentiation	**Lean Six Sigma** – a quality improvement tool Genpact started in 1997 as part of General Electrics, being an initial beta site under Jack Welch, who became known worldwide as a leading proponent of Lean Six Sigma. Lean Six Sigma was common in manufacturing, but GE was an early **innovator in its application to services** and made this a tremendous success. Thus, Genpact can say that Lean Six Sigma is **driven through the entire organization**: operations, processes, people, leadership.
Services offered in Portuguese	**Yes**

Source: www.genpact.com

Accenture	
BPO experience	Since 1990
Headquarters	Dublin, Ireland (incorporation); Chicago Title and Trust Center Chicago, Illinois, USA (operational)
Global presence	Andorra, Angola, Argentina, Australia, Austria, Belgium, Botswana, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Latvia, Luxembourg, Malaysia, Mauritius, Mexico, Morocco, The Netherlands, Nigeria, Norway, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, Slovak Republic, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom, United States, Venezuela, Vietnam.
Number of employees	250,000+
Revenue in 2012	$ 27 billion

Services offered	- Application Outsourcing
	- Capacity Services
	- Global Delivery
	- Infrastructure Outsourcing
	- Testing Services
	- Business Process Outsourcing:
	    • Cross-Industry BPO Services
	    o Finance and Accounting BPO
	    o Human Resources BPO
	    o Learning BPO
	    o Procurement BPO
	    o Supply Chain BPO
		• Industry-specific Services
		    o Credit Services BPO
		    o Health Administration BPO
		    o Industry-specific BPO
		    o Insurance BPO
		    o Network BPO
		    o Pharmaceutical BPO
		    o Utilities BPO
		    o Airline BPO
		
		• Bundled Outsourcing

Industries served	- Aerospace and Defense Contractors - Agribusiness - Airline - Automotive - Banking - Border and Identity Management - Building Materials - Capital Markets - Chemicals - Communications - Consumer Goods and Services - Customs - Defense - Electronics and High Tech - Eligibility Systems - Energy	- Health - Human Services - Industrial Equipment - Infrastructure and Transportation - Insurance - Life Sciences - Media and Entertainment - Metals - Mining - Nonprofit - Pensions - Postal - Public Safety - Public Service and Government - Retail - Revenue

	- Financial Services - Forest Products - Freight and Logistics	- Social Security - Travel - US Federal Government - Utilities
Prizes	• One of Dividend Channel's Top 25 Socially Responsible Dividend Stocks in 2012. • In 2012 ranked No. 69 on Forbes' inaugural World's Most Powerful Brands; also ranked No. 79 on consumer perception. • ranked No. 43 on Interbrand's Best Global Brands study in 2012 • The Financial Times FT 500, an annual snapshot of the world's largest companies, has included Accenture for eight years (2005-2012). • In 2012 No. 45 overall on Financial Times' BrandZ Top 100 Most Valuable Global Brands; also ranked No. 11 in the technology sector. • In 2012, Barron's 500 ranked Accenture No. 139 in its annual list of the 500 largest (by sales) publicly traded companies in the United States and Canada • Accenture has consistently been in the top quartile of the Forbes Global 2000 since 2008. • In 2012, Accenture recognized among Women's Business Enterprise National Council's (WBENC) 2011 America's Top Corporations of Women's Business Enterprises list (2009-2012). • In 2011, Accenture ranked for the first time on FORTUNE's biennial Top Companies for Leaders list, ranking No. 23 on the North America regional list and receiving "special recognition" on the Asia Pacific regional list. • The Fortune Global 500, a ranking of the top 500 corporations worldwide as measured by revenue, included Accenture for ten consecutive years (2002-11). • In 2011 ranked No. 44 in the Management Team 500 in the Netherlands. • In 2010 was recognized—for the thirteenth time—as a Global Most Admired Knowledge Enterprises (MAKE) winner by Teleos and The KNOW Network. • No. 1 on the International Association of Outsourcing Professionals' (IAOP) 2012 Global Outsourcing 100 list for the fifth consecutive year (2008-2012). • In 2013—for the fifth consecutive year—Accenture was included on FORTUNE magazine's 100 Best Companies to Work For list, ranking No. 91. • In 2012 received 100 out of 100, a perfect score, on the 2013 Human Rights Campaign's Corporate Equality Index (CEI) for the sixth year in a row • In the United Kingdom, Accenture was ranked among the top 30 companies on the Top Employers for Working Families 2012 list, which recognizes organizations across the UK that do the most to support the work-life balance needs of their employees. • In 2012, for the second consecutive year, Accenture was named to Canada's Top 100 Employers 2013 list. • In 2012, Accenture was again named to Universum's World's Top 50 Most Attractive Employers list, ranking No. 28 • In the 2012 European Diversity Awards, Accenture was "highly commended" as the runner up Company of the Year.	
Competitive differentiation	Accenture is a Business and IT Consulting, Technology, Outsourcing and IT Services Company. Thus, its approach extends that of a BPO company due to its extended insights into various domains.	
Services offered in Portuguese	**Yes**	

Source: www.accenture.com

	Wipro
BPO experience	Since 2000
Headquarters	Bangalore, Karnataka, India
Global presence	Norway, Finland, Sweden, United Kingdom, Portugal, France, The Netherlands, Germany, Poland, Switzerland, Austria, Romania, Turkey, Canada, USA, Mexico,

	Colombia, Brazil, Chile, Argentina, Egypt, Kenya, South Africa, China, South Korea, Japan, Thailand, Philippenes, Malaysia, Indonesia, Australia, New Zealand, Saudi Arabia, UAE, Oman, India.
Number of employees	140,500+
Revenue in 2012	$ 7 billion

Services offered	• BPO services:
	  ○ HR Outsourcing Services
	  ○ Procurement Outsourcing
	  ○ Order Management Services
	  ○ Knowledge Process Outsourcing
	  ○ Finance and Accounts (F&A) Outsourcing
	  ○ Customer Service Outsourcing
	  ○ Technical Support Services
	  ○ Analytics
	• Analytics & Information Management
	• Business Application Services
	• Mobility
	• Cloud Services
	• Consulting Services
	• Eco Energy
	• Product Engineering Services
	• Infrastructure Management Services

Industries served	• Aerospace • Automotive • Banking • Communication Service Providers • Consumer Goods • Energy • Government • Healthcare • High-Tech • Insurance • Manufacturing • Media • Medical Devices • Mobile Devices • Natural Resources • Pharmaceutical & Life Sciences • Professional Services • Public Infrastructure • Retail • Securities & Capital Markets • Telecom Equipment • Transportation • Utilities
Prizes	• Stars of the Industry Award: BPO Excellence 2010-11 for 'Use of Technology for Operational Excellence' • Outsourcing Center Service Provider Excellence Award: 'Best IT Enablement in BPO, 2010-11' • Wipro is the world's first PCMM Level 5 software company • Among the top four offshore BPO service providers in the world and addressing COO requirements • Wipro is a strategic partner to five of the top 10 most innovative companies in the world • One of the most preferred employers for top class talent (ranked among top 5 in a Business Today 2011 survey) • Wipro is the world's largest independent R&D Services Provider • No. 2 in Indian Domestic IT Services Provider Market • Topped the rankings of the MSCI Emerging Markets Index based on Oekom AG's sustainability ratings of companies • No. 1 Ranking in the Carbon Disclosure Leadership Index (India)
Competitive differentiation	• The pioneer in applying **Lean Manufacturing techniques** to IT services • Wipro is partnering with European research institute IMEC to co-innovate and develop next-generation intelligent systems based on **nanoelectronics** and aimed at emerging markets through an initiative called Applied Research in **Intelligent**

	Systems Engineering (ARISE).
	• Wipro works with alliance **partners** which are **technology leaders** across various industries to offer compelling business propositions for the customers.
Services offered in Portuguese	Yes

Source: www.wipro.com

	WNS
BPO experience	Since 1996
Headquarters	Mumbai, Maharashtra, India
Global presence	Poland, Romania, United Kingdom, USA, Costa Tica, South Africa, UAE, India, Philippines, Australia, Sri Lanka.
Number of employees	25,000+
Revenue in 2012	$ 470 million
Services offered	• Customer Care Outsourcing • Finance and Accounting • Human Resource Outsourcing • Legal Services • Procurement • Research and Analytics • Risk Management • Transformation Solutions
Industries served	• Banking and Financial Services • Healthcare • Insurance • Manufacturing • Media and Entertainment • Retail and Consumer Products • Shipping and Logistics • Telecommunications • Travel and Leisure • Utilities and Energy
Prizes	o BPO Leadership : • WNS South Africa Captures Four BPeSA Awards (2012) • Leaders in UK – Best 20 in IAOP 2012 Global Outsourcing 100 rankings • Top 25 of IAOP 2012 Global Outsourcing 100 rankings • Wins the Prestigious Golden Peacock Global Award for Corporate Social Responsibility 2012 Wins the Alpha Social Responsibility Award 2012 • Wins "Global CSR Award" 2012 at World CSR Day • CEO among Top 50 Power Executives of Outsourcing Leadership in The Nearshore Americas Power 50 Ranking, 2011 • Ranked among Top 10 Best BPO Companies to Work for - Business Today (2011) • Dual Recognition at the 'BPO Excellence Awards 2010-11' • Best New Outsourced Services Delivery (2010) by Shared Services & Outsourcing Network (SSON) • Best New BPO Locator Of The Year (2010) by Business Process Association of Philippines (BPAP) • Recipient of the Special Award at the NASSCOM Corporate Awards for Excellence in Gender Inclusivity 2010 in the 'Best BPO Company' category • Dian Masalanta Award of the year (2010) for being the Dynamic new partner of the National Voluntary Blood Services Program (Govt. of the Philippines)

	• Top 3 BPO companies in India by NASSCOM for 6 consecutive years
	• Best New Outsourced Services Award by SSON (2009)
	    ○ Domain Leadership :
	• Top 20 of IAOP 2012 Global Outsourcing 100 rankings
	• Best 5 companies by Industry focus: Utilities – IAOP 2012 Global Outsourcing 100
	• Best 20 Leaders by Industry focus: Customer Relationship Management – IAOP 2012 Global Outsourcing 100
	• Best 20 Leaders by Industry focus: Financial Services (Insurance) – IAOP 2012 Global Outsourcing 100
	• Best 20 Leaders by Industry focus: Financial Management – IAOP 2012 Global Outsourcing 100
	• top five FAO Market Star Performer for the second consecutive year by Everest Group
	• Best 20 Leaders by Industry focus: Retail & Consumer Goods - IAOP 2010 Global Outsourcing 100
	• Best 5 companies by Industry focus: Air Transportation - IAOP 2009 Global Outsourcing 100
	• Best Performing FAO Provider by Global Services 100 (2008)
	• Partners in Innovation Challenge for Baggage Claim Process from KLM Dutch Royal Airlines (2008)
	• No.1 insurance outsourcer by Global Outsourcing 100 (2007)
	    ○ Quality and Technology Leadership :
	• Golden Peacock Innovative Product / Service Award (2011) for WNS Analytics Decision Engine (WADE)
	• 'Global Process Excellence Awards 2011' by IQPC for 'Best Process Improvement Program'
	• Golden Peacock National Quality Award for Overall Business Excellence and Quality Standards (2011)
	• IDG Media CIO 100 Special Category Award in recognition of WNS's Infosec architecture and implementations (2010)
	• NetApp Enterprise Innovation Award (2010)
	• Maharashtra State IT Award (2010)
	• Best Project Achievement in Green Six Sigma Award at WCBF, USA (2009)
	• Asia-Pacific Six Sigma Excellence award for Best Lean Six Sigma project (2007)
	• Global Six Sigma Award for Best Achievement of Six Sigma in Outsourcing (2007)

Competitive differentiation	Nothing really, just another Indian BPO Company.
Services offered in Portuguese	**Yes**

Source: www.wns.com

## 5.1 Critical Success Factors for the main players on the Romanian outsourcing market

"*Critical success factors are those product features that are particularly valued by a group of customers and, therefore, where the organisation must excel to outperform competition*" (Johnson, Scholes, Whittington, 2008:80).

The next table describes the critical success factors in the case of outsourcing, from the most important (I) to the least important (VII). Furthermore, points from 0 (minimum) to 4 (maximum) are given to each of the four companies based on their performace in each of the categories.

10. Critical Success Factors for the main BPO companies in Romania - Table

Critical Success Factors	Genpact	Accenture	Wipro	WNS
I) BPO experience in number of years	16 years (2)	23 years (4)	13 years (1)	17 years (3)
II) Number of BPO services offered	17 services (4)	14 services (3)	8 services (2)	8 services (2)
III) Number of industries served	16 industries (2)	39 industries (4)	23 industries (3)	10 industries (1)
IV) Reliability (expressed through the methods used to optimize processes and improve their quality)	Lean Six Sigma (4)	Extended approach - wide consulting experience (4)	IT proficiency (4)	1
V) Competitive differentiation	4	4	3	0
VI) Services in foreign languages (including Portuguese)	4	4	4	4
VII) Reputation (expressed through international recognition – prizes)	4	4	3	4
Total number of points	24	27	20	15

11. Critical Success Factors for the main BPO companies in Romania - Graph
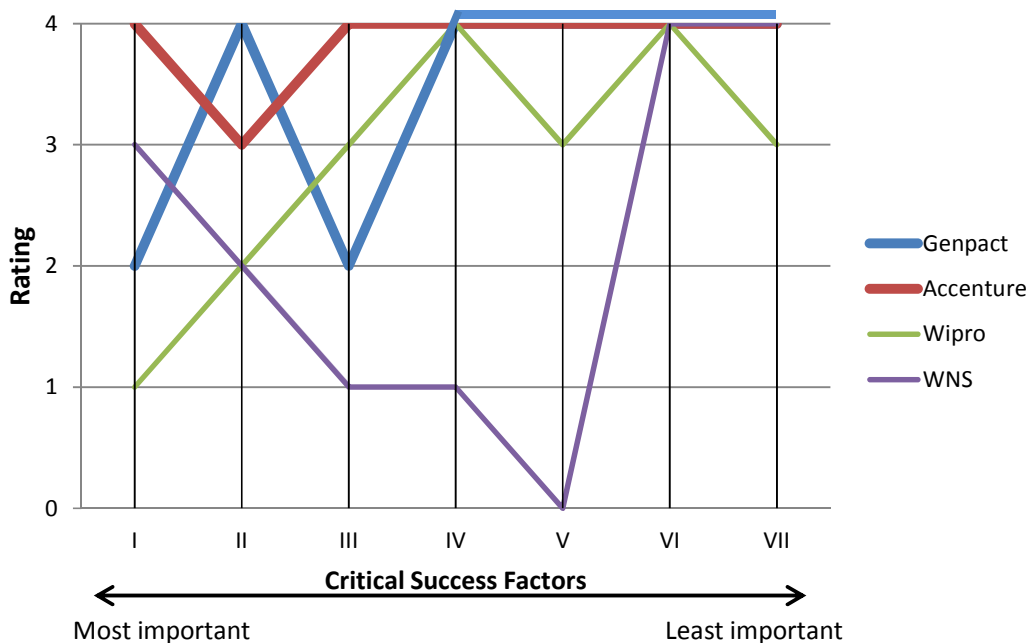
Source: Johnson, Scholes, Whittington, 2008:80
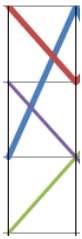
The most important critical success factors are BPO experience in number of years and Number of BPO services offered. **Genpact** scores medium to high in this area, **Accenture** scores in the top left square, while **Wipro** and **WNS** maintain a medium position with low and high variations respectively.

The medium critical success factors are: Number of industries served, Reliability and Competitive differentiation. **Genpact** again scores medium to high, followed by a constant evolution. **Accenture** scores constantly high. **Wipro** scores high with small lower variations, while **WNS** goes around the bottom squares.
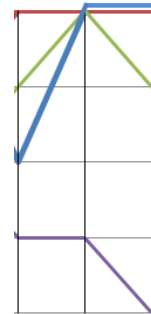
The least critical success factors are Services in foreign languages and Reputation expressed through prizes. **Genpact**, **Accenture** and **WNS** reach the maximum score, while **Wipro** scores high with a small lower variation.

In conclusion, according to this analysis, the leader of the local outsourcing industry is Accenture with 27 points, shortly followed by Genpact with 24 points. Wipro is a competitive threat with its 20 points, as well as with a proven rapid evolution. WNS is a lower threat, scoring just 15 points.

6. The relation between me and Portuguese speaking countries

6.1 Portugal

In February 2010 I was a student at Bucharest Academy of Economic Study, in my second year. I was introduced to the possibility of being an Erasmus student during my third year of studies. All I had to do was take an English test, write a motivational letter and a composition about why I deserve being an Erasmus student and give an interview in English. Another criterion was having passed all my exams up to that point with high grades, aspect which was already covered.

I had to fill out a list with seven options for my Erasmus mobility in the order of preferences. This is what I wrote down: 1. Amsterdam; 2. Oslo; 3. Groningen; 4. Nottingham; 5. Porto; 6. Vilnius; 7. Reykjavík.

I was accepted at Faculdade de Economia da Universidade do Porto. I was going to study there between September 2010 and February 2011.

In the beginning I was not really interested in learning to speak Portuguese. I mostly carried on my conversations in English because the official language between Erasmus students was English and also because most of the Portuguese people I met spoke English. I eventually enrolled in a Portuguese language course and I passed it with 17. Afterwards I started to like the language, even though the pronunciation was almost impossible to handle at first.

In February 2011 I came back to Bucharest and I started writing my bachelor thesis. Its title was: "Portugal's national brand. Case study on tips for Romania in improving its national brand". I wrote 60 pages on this subject, presented it in July 2011 in front of a university commission and was given the grade 9.5 out of 10.

February 2011 was also the period when I started searching for master studies opportunities in Portugal. I applied to several universities in Porto and Lisbon. I filled out numerous application forms, paid numerous application fees and gave several phone interviews. I was accepted by Universidade Nova de Lisboa and ISCTE Instituto Universitario de Lisboa. I chose the latter because they offered me a substantial discount for the tuition fee.

I lived in Lisbon between September 2011 and August 2012. In October 2012, as I already mentioned several times in this paper, I started working in a BPO company in Bucharest, for a Portuguese client. In early January 2013 I started writing this paper. You all know its title. I am still writing it right now.

6.2 Angola

The relation between me and Angola is an indirect one, given the fact that I never traveled there.

My father, Ion Ţîştea, a civil constructions engineer and project manager, worked for nearly one year in Luena, Moxico, Angola as a Civil Constructions Supervisor at TELESITE Telecommunication Projects and Infrastructures, supervising construction works for a project of 3000 housing units.

The reason for mentioning this is to provide one more example of some form of collaboration between Romanians and Portuguese speaking countries.

6.3 Brazil

The relation between me and Brazil is a short-term collaboration which lasted one phone call.

In September 2012 I applied for a job at Dell Services Romania as an IT helpdesk agent with Portuguese language. One of the recruiting steps was a phone interview with Dell's client from Brazil in order to check my language skills.

I passed the interview and was offered the job. I turned it down because of the working hours: from 4 p.m. until 1 a.m., given Brazil's different time zone.

7. The relation between Romania and Portuguese speaking countries

7.1 Portugal

Diplomatic relations

The diplomatic relations between Romania and Portugal were established on August 31st, 1917, when the first Romanian representative to Lisbon was accredited, respectively on December 7th 1919, when the first Portuguese representative to Bucharest was accredited.

On May 31st 1974, the relations between the two countries were given the embassy status, Romania being the first East European country to re-establish diplomatic relations with Portugal after the Revolução dos Cravos, by accrediting resident ambassadors in Lisbon and Bucharest.

Between 1989 (the year of the revolution in Romania) and 1993, Portugal's Embassy for Romania was functioning from Vienna. In February 1993 the Embassy from Bucharest was reopened.

Judicial context

After Romania joining the European Union in 2007, commercial trades with Portugal have been conducted according to the EU regulations.

There is a collaboration protocol between the Ministries of Economy of both countries which was signed in 2004. Furthermore, there are agreements of collaboration between CRPCIS (Centrul Român pentru Promovarea Comerțului și Investițiilor Străine) and AICEP (Agência

para o Investimento e Comércio Externo de Portugal), as well as between the Chambers of Commerce of both countries.

12. Commercial trades between Romania and Portugal (in millions of Euros)

	2004	2005	2006	2007	2008	2009	2010	2011
Total	114,9	147,8	110,3	141,1	260,93	304,92	357,84	412,47
Export	37,3	45,6	33,6	40,4	118,69	172,62	168,48	183,82
Import	77,6	102,2	76,7	100,7	142,24	132,30	189,36	228,65
Balance	-40,3	-56,6	-43,1	-60,3	- 23,54	40,32	-20,88	-44,83

The official 2012 results have not been published yet.

The primary groups of products exported on the Portuguese market are: electrical machines and equipment, auto vehicles and components, rubber products, furniture, textiles, food products.

The primary groups of products imported from Portugal are: electrical machines, devices and equipment, auto vehicles and components, textiles, plastics.

The trade aspects for which investments are being made are: renewable energy, health industry, cosmetics, telecommunications, hardware, software, interior design.

Investments and economic cooperation between Romania and Portugal

There are now 432 companies in Romania with Portuguese partial or full capital. In 2011, the total social capital related to this aspect was 218 million dollars.

Moreover, Portugal's investments in Romania in 2011 amounted to 0,50% from the total foreign investments. Thus, Portugal held the 22nd position among the foreign investors in Romania. Furthermore, Romania was Portugal's 13th direct investment destination in 2011.

Portuguese capital companies are present in the following industries: wind energy, roads infrastructure, distribution, banking, agriculture and biofuels.[10]

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[10] Romania's Ministry of Economics, General Direction of Commerce and International Relations, Romania's Embassy in Portugal, The Office of Commercial-Economic Promotion Lisbon. Portugal. Business Guide 2012, http://www.dce.gov.ro/Materiale%20site/Indrumar_afaceri/index_indrumare.htm

7.2 Angola

Diplomatic relations

Romania and Angola established diplomatic relations at the Embassy level on 13th of December 1975. Romania has an Embassy in Luanda. Angola's Embassy in Belgrade, Serbia operates for Romania as well.

Economic relations

Romania exports to Angola chemical fertilizers, electro technical devices and auto vehicles, especially Dacia Logan. Furthermore, the Romanian company Rompetrol built in 1985 petroleum deposits in Huambo worth 10 million dollars.

Romania also endowed and organised the national school of military aviation in Negage in 1982. There is also a Romanian-Angolan Society called T.A.C. which was established in 1982.

13. Commercial trades between Romania and Angola *(in millions of dollars)*

	2005	2006	2007	2008	2009	2010	2011
Total	1,55	1,33	1,58	34,01	0,36	2,59	10,67
Export	1,55	1,33	1,58	34,01	0,36	2,59	10,67
Import	0	0	0	0	0	0	0

The official 2012 results have not been published yet.[11]

In 2010, Romania started investing in exploring and processing iron, copper, diamonds and uranium, as well as in the energy sector.

In 2011, Romania and Angola signed an agreement for building a research and development center in the petroleum field.

Chilom, A. 2010. Firmele româneşti, atrase de diamantele şi petrolul din Angola (Romanian companies, attracted by the diamonds and oil of Angola). *Ziarul Capital* (*Capital Newspaper*). January 10.

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[11] Romania's Ministry of Foreign Affairs, External Policies. Bilateral Relations, Africa, Republic of Angola, http://www.mae.ro/bilateral-relations/1809#699

7.3 Brazil

14. Commercial trades evolution between Romania and Brazil *(in millions of dollars)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	203,13	260,59	407,38	511,32	337,28	599,08	740,12	485,2	499	868,0	532,6
Export	9,36	5,50	10,33	17,28	14,66	69,65	106,08	59,6	91,2	204,9	186,3
Import	193,77	255,09	397,05	494,04	326,66	529,43	634,04	425,6	407,8	663,1	346,3
Balance	-184,4	-249,6	-386,7	-476,7	-316	-459,8	-527,9	-366	-316,6	-458	-159

Commercial trades between Romania and Brazil and their structure

After a period of significant decreases and oscillating evolutions between 1990 and 2006, exports from Romania to Brazil have started growing since 2007. In 2008, the level of exports was 52,3% higher than in 2007 and 8 times higher than in 2006. Thus, 2008 represented the year with the highest record reached up until that point. Moreover, 40% out of the total amount of exports to South America were going to Brazil.

Furthermore, an improvement in the structure of these exports was reached, by putting accent on products with high manufacturing levels (55% from the total amount of exports), thus providing a solid ground and increased efficiency on trades between the two countries.

In 2009 the financial crisis influenced the level of commercial trades in a negative way. However, they went back on track since then. In 2011, the amount of exports reached a 246,7% increase comparing to the previous year.

The primary products being exported to Brazil are: automotive parts, diesel and gas engines, electronic components for the automotive industry, electrical switches and breakers, machines, equipment for lifting and manipulating weights, automation panels, voltage relays laminated with iron and steel, chemical fertilizers, tires and other rubber products, auto vehicles like Dacia Logan, Sandero and Duster.

The value of imports from Brazil has always kept a higher level than that of exports. Their evolution never had a constant trend. The highest level ever reached was in 2011, while the lowest one was in 2002.

The primary products imported from Brazil are: soy and derivatives, sugar, chicken, tobacco, coffee and iron ore.

As one can notice, exports are dominated by products with high levels of manufacturing, while imports are basically set up on natural resources and raw materials.[12]

7.4 Mozambique

15. *Commercial trades between Romania and Mozambique* *(in millions of dollars)*

	2005	2006	2007	2008	2009	2010	2011
Total	0,404	6,007	0,707	3,850	2,78	11,111	25,99
Export	0,392	5,753	0,017	3.75	2,72	4,621	24,23
Import	0,012	0,254	0,690	0,10	0,06	6,49	1,76

The official 2012 results have not been published yet.

Commercial trades' structure

Exports: fuels (80%), chemical fertilizers (15%), automotive parts, glass and derivatives, household products.

Imports: tobacco (95%), food products.

Financial problems

According to the records of the Romanian Commercial Bank, in 2004 Romania had receivables worth 160 million dollars to recover from Mozambique. The receivables derived from the exports of several products on credit before 1989: industrial products (32 diesel hydraulic locomotives), fast moving consumer goods, equipment, automotive parts, agricultural machines and tractors.

In order to recover these receivables, there were numerous interventions made to Mozambique's Government through Romania's Embassies from Maputo and Pretoria. Some negotiations took place in 1998 in Bucharest in which Romania offered a 50% discount and

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[12] Romania's Ministry of Economics, General Direction of Commerce and International Relations, Romania's Embassy in Brazil. Business Guide in Federative Republic of Brazil 2013, http://www.dce.gov.ro/Materiale%20site/Indrumar_afaceri/index_indrumare.htm

payment in 3 years' time in cash and/or goods. An answer to the offer was never received from Mozambique.

Romania's Ministry of Public Finance negotiated with companies like Yagil Maritime Consultancy, Star Shipping and Maxima Group in order to solve this issue. In 2003, Romania's Government decided to contract the recovery of these receivables through the company Maxima Group Plc. This action is still underway.

Economic cooperation

Projects developed by Romania in Mozambique

The Romanian company Rompetrol provided resources worth 3.5 million dollars necessary to build a terminal for petroleum products in Beira: equipment installation work, petroleum technology and other equipment and installations. The terminal became functional in 1994.

The Romanian company Emarom provided financial consulting and technical assistance to Mozambican companies Genese Financeira and Bonar, their field of activity being cotton growing on a surface of 7000 ha leased to the Romanian part for a period of 25 years.

The Romanian company Emaron signed an agreement with the Mozambican company Flavius, thus resulting the Somafil association for forrest explorations on a 10.000 ha surface leased to the Romanian part for a period of 25 years. The wood was used on the local market, as well as in exports. The aim is building a furniture factory.

In 1996, the Centro Romeno dos Negocios was established, its aim being to promote Romanian and Mozambican products on the two markets respectively.

Projects developed by Mozambique in Romania: there are none.[13]

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[13] Romania's Ministry of Economics, General Direction of Commerce and International Relations.
Zimbresteanu, C., B. 2012. Business Guide. Republic of Mozambique,
http://www.dce.gov.ro/Materiale%20site/Indrumar_afaceri/index_indrumare.htm

8. A deeper look into how Genpact operates

8.1 Background

In 1994, GE moved to Indian companies Tata Consulting, Wipro and Infosys IT development processes valued at 10 million USD at the moment of deciding on the outsourcing move, value which doubled soon after the processes were outsourced. In the next few years, GE contracted even more Indian service vendors. However, this triggered difficulty in managing all these partnerships.

As a result, a single offshore unit for GE was needed. In 1997, the General Electric Capital International Services (Gecis) was founded in Gurgaon, New Delhi as an offshore, back-office support unit of GE. Gecis was entirely owned by GE, its financial results being included in GE's balance sheet.

In the beginning, Gecis was more of a test-unit. Its first project was called "*White Mail*" and was handled by "*a team of 20 people with 14 telephone lines*". Their activity consisted in "*inputting*" and "*streamlining*" information regarding "*addresses and telephone number changes*" received in white envelops from US residents (Chandrasekhar, 2009: 4).

In 2007, GE was also facing difficulties in finding cheap workforce for performing insurance related tasks such as "*calls handling and claims processing*" (Chandrasekhar, 2009: 4). This was Gecis's second project.

In the next year, other departments of GE also saw a huge opportunity in turning to Gecis for certain operations. Gecis reached a number of "*800 employees in 1998*" and "*5000 employees in 2000*" (Chandrasekhar, 2009: 4).

In 2004, Gecis was providing services such as "*finance and accounting, customer fulfilment, insurance, enterprise applications, supply chain, procurement, analytics and IT infrastructure*" (Genpact Company. **BPO offerings**. www.genpact.com). Moreover, Gecis had a global presence, operating on almost every continent. This meant that Gecis grew from 1997 to 2004 at a compounded annual growth rate of 10.000%.

8.2 Divestiture

In 2004, Gecis was planning a shift in its evolution. GE backed up from its controllership on Gecis, divesting 60% of its stakes to two private equity investors.

As stated by GE, Gecis was no longer part of GE's core strategy since the core business for Gecis was based on "*transportation, energy, health care and financial services*" (Chandrasekhar, 2009: 4) and GE had other strategic priorities.

Moreover, GE was not interested in investing too much in Gecis's value created during its 7 years of existence up to 2004. The two equity firms which showed interest in Gecis were more than willing to harvest this value.

In another train of thoughts, from a political point of view, Western Governments started expressing criticism in 2007 towards big multinational corporations transferring jobs overseas and thus increasing local unemployment. Hence, GE's divestiture decision was also based on its desire to maintain itself among the appraised companies from the governmental standpoint.

All of this meant that Gecis was now "*free to seek non-GE business*". However, Gecis did not have "*visibility outside GE*" and the challenge was "*convincing prospective clients that BPO was good for them*", making them trust the company "*to manage their business processes, some critical for survival and profitability*" and see the company's "*capabilities and potential for partnerships*". Even riskier was starting this journey without many of its top managers who left after Gecis was no longer associated to the brand GE. In order to distract attention from these issues, Gecis's CEO emphasised the opportunities to "*achieve more scale, create a new brand, build further on the commercial offerings and open up new career horizons for employees*" (Bhasin, S. 2004. **Speech given by Gecis's CEO at the time after GE's divestiture decision**).

In 2005 Gecis changed its name to Genpact in order to emphasize its independence in providing outsourcing services. Moreover, Genpact was working on its "*new and unaffiliated client acquisition and business development*" strategy (Chandrasekhar, 2009: 1).

Before the divestiture, in 2004, GE had already signed a 10 year MSA (Master Service Agreement) with Gecis. However, this MSA did not prevent any of the parts to seek other collaborators. GE paid an annual amount to Gecis of 360 million USD between 2005 and 2011. In 2012 it paid 270 million USD, remaining 180 million USD to be paid in 2013 and

90 million USD in 2014. These amounts were paid based on services provided by Genpact to GE according to 2.700 SOWs signed with several different divisions of GE (Chandrasekhar, 2009: 14).

Genpact claims that GE is their all-time most difficult client to handle. Thus, they base their capability on the fact that, by being able to operate under such strict metrics, practices and analytics for so many years, they can now assure any client of their expertise in the field.

Among Genpact's initial strategic plans after the divestiture was its intent for an Initial Public Offering (IPO) on the New York Stock Exchange. This naturally meant the need to reduce its dependence on GE, as the first answer that Genpact received after making this intent public was that the possibility to succeed was measured by "*how much of Genpact's business came from outside GE*" (Sahai, R. IndusView. **Financial Express.** 2004). "*One single client should not account for more than 15 to 20 percent of the revenue of a company*" (Apte, S. Forrester Research. **The Mint.** May 14 2007), otherwise making it risky for other clients and for investors to do business with the company.

Genpact needed to reorientate its strategy "*from a cost-based model*" to a "*bottom line*" model and to turn away "*from the parent*". "*The world was watching its moves*" (Karnik, K. National Association of Software and Services Companies. **TMS News.** April 24, 2006).

The first move that Genpact made in order to "*pursue new clients*" was "*industry segmentation*" in order to calculate all the subsectors' "*BPO growth rate*" by using a tool called "*Quality Functional Deployment*". The second move was industry subsectors analysis in order to identify "*high potential clients*". The criteria for this move were: "*executive sponsorships*", the possibility to develop a strong "*strategic relationship*". Afterwards, the third move was a client segmentation in order to "*identify the right types of deals*" for each client type (Corning, S. 2005. **Speech given by Genpact's CEO at the time after GE's divestiture decision**).

The short term strategy for Genpact was acquiring non-GE clients, while the long term one was building a relevant client portfolio based on strong relationships. In order to succeed in the long run approach, Genpact would promise each potential client a dedicated team with valuable human and technical resources which would work together in order to learn the client's specific culture, thus gaining a complete view on the client's business environment from which the processes would be outsourced.

8.2.1 Genpact's affiliation with Lean and Six Sigma

GE has always been known for its innovation at both a scientific level through its scientists registering thousands of patents, as well as a corporative leadership level, being named a lean corporation.

Furthermore, GE was a pioneer in Six Sigma initiatives, "*which was defined as a level of quality that produced no more than 3.4 defects per million*" (General Electric Company. ***What is Six Sigma?*** www.ge.com).

Naturally, Genpact inherited all this experience in Six Sigma projects and applied it into its business process services.

8.3 Genpact Romania

Genpact entered the Romanian market in 2005 when it opened a service center in Bucharest. Two years later, the company opened a second Romanian center in Cluj Napoca.

Genpact was the first BPO company entering Romania. However, there were many Shared Service Centers in Romania long before Genpact.

Genpact Romania now has almost 1800 employees (out of which between 100 and 150 are foreigners) and the number is constantly growing, the company hiring an average of 30 persons per month, reason for which it plans on opening a third center in Bucharest.

8.4 Genpact's business operations in 2013

******based on discussions with people inside the company*

8.4.1 Firm-level considerations when acquiring new clients

These considerations are based on the following aspects:

- Financial savings from the client's perspective due to decreases in operating costs, as well as in wages because of the low-cost locations;
- The company's competitive advantage being Six Sigma leads up to improvements in terms of efficiency and effectiveness of the business process;
- BPO allows the client to focus on the business areas in which it can achieve a proficiency level, while the provider handles the other areas also with a high level of proficiency, thus increasing the business value;

- The partnership between the client and the vendor is approached in a flexible way, according to all the specific needs that the client might have.

8.4.2 The client acquisition process

It usually takes up to one year from the moment when one client was approached for the vendor to witness any increase in revenues.

The proposition for a partnership can come from either the client's or the vendor's initiative. The client normally sends a request for proposal to which the vendor has to answer. This request contains questions on the vendor's capabilities regarding the process to be outsourced, as well as questions on the vendor's previous experience and financial soundness.

After receiving the request for proposal, the vendor has to propose solutions. This is done by completing the form with the corresponding answers, as well as through an active dialogue between the two parts which need to work together in order to move the negotiation further.

If the client is pleased with the vendor's proposed solutions, the next step is negotiating the Master Service Agreement (MSA) and the Statement of Work (SOW). These are legal documents, the first covering the scope of the partnership and the latter offering a detailed description of the processes and operating units which will be transferred from the client to the vendor.

After the legal aspects are negotiated and the documents signed, the work begins. The vendor has to put into place everything needed in order to meet the service level agreements previously agreed upon.

The BPO company spends a lot of time and capital during all the phases required in acquiring a client, including costs associated to making the proposal, presenting it, facilitating visits from the client and organizing all the new hirings. These costs range between 150.000 and 550.000 USD. Some costs have to be reimbursed by the client, but usually this happens after signing the MSA and the SOW. Moreover, there is also the opportunity cost derived from the sales team not being able to chase other deals which, in the end, might have turned out to be more profitable.

Master Service Agreement (MSA) Template[14]

Term: it usually lasts up to five years with the possibility of renewal.

Transition plan: it includes schedules for the transfer of each process.

Standard Operating Procedure: it is developed for each process, agreed with by both parts.

Records: Genpact retains all books and records of the client for three years after the term of the contract.

Costs for permits, licenses and authorizations: are borne by Genpact.

Transfer of personnel: staff transfer between Genpact and the client is not allowed.

Account representative: both parts name a senior-level executive for this function, she/he being the single point of contact for MSA issues.

Changes in agreement: these are done in accordance with the Change Control Procedures set in the agreement.

Service levels: the SOW states Deliverables and Milestones for Genpact's measurable performance; these are reviewed each year.

Audit: Genpact provides access to auditors on books from the client, the costs being borne by the client.

Steering Committee: a few key executives from both parts meet occasionally in order to review the overall performance and provide strategic solutions.

Dispute resolution: all disputes are directed to the Account Representative who has to provide a resolution within ten days; if no resolution is provided within ten days, the issue is escalated to the Steering Committee which has to solve it within the next ten days. If no resolution is provided within twenty days, each party is free to seek its own solution, including arbitration.

Fees: Genpacts submits to the client a single consolidated invoice for each service one a month; the fees are according to the SOW and their net due date is within thirty days. Third-

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[14] based on discussions with people inside the company

party costs are paid by the client; out-of-pocket expenses are reimbursed separately based on their nature.

Intellectual property: the client/Genpact retains the rights on its intellectual property, even though Genpact/the client has the license to use it; each part can use any ideas and concepts developed during the term of the contract.

Confidentiality: all information shared between the two parts is confidential during the term; after the term, both parts delete all confidential data from their storage and certify this action.

Termination: there are four ground for termination – when either part becomes insolvent; when the contract expired and both ports agree on non-renewal; when the terms of the contract are not respected (termination for cause – with a 60 days' notice); when it is deemed convenient to terminate the contract (with a 240 days' notice; the client supports the costs of redeployment or dismissal of employees engaged in the process, as well as the costs of assets which might become redundant).

Statement of Work (SOW) Template[15]

Project description: details of all the services included in the SOW.

Commencement date: when the SOW starts being valid.

Pricing: monthly recurring charges per resource, one-time charges and reimbursement of travel and other expenses.

Intellectual property: deliverables, work product, client materials and provider materials.

Data security requirements: the particularization of the data privacy described in the MSA.

Invoices: the client's address and bank details required for invoicing.

Operating Committee: employees responsible with the day-to-day execution of the process;

Performance standards: norms, incentives and penalties.

Six Sigma: service quality methodology.

Client procedures: the particularization of the Standard Operating Procedures for the specific process, including aspects regarding performance, compliance, trainings and updates.

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[15] based on discussions with people inside the company

Resources: skills required for the deliverables.

Training and support commitments.

Costs: engagement fee, outcome based fee and the methodology for computing the costs.

Benefits: financial and non-financial, to the client from the service.

8.4.3 Vendor - client relationship

Apart from the obvious cost reduction related motivation, there is a more delicate aspect to be taken into consideration when dealing with this kind of partnership: the comfort level between the two parts.

Genpact ensures that this comfort is maintained at an optimal level by facilitating a proactive dialogue between the two parts, a dialogue which is done through intensive written and phone communication, as well as through regular on-site visits.

The client has the opportunity to meet all the employees of the BPO team from all levels. They can witness the way their processes are being handled, ask questions about specific details, evaluate the employees' capabilities and also see the level of security and privacy with which their confidential information is being handled.

8.4.4 The Employee Job Performance Evaluation

Each employee is subjected to a monthly evaluation based on her or his performance in accordance with a set of criteria listed below.

Accounts Payable Helpdesk – Specific Performance Criteria:

- All urgent / medium / low queries must be accurately replied within 4, 24 and 48 working hours respectively.
- All queries must be properly indexed in the system and prioritized accordingly.
- There are no abandoned calls allowed.
- The productivity per volume of queries per month is analyzed and compared with that of other employees.
- There is an e-mail content audit done each month.

Accounts Payable Processing – Specific Performance Criteria:

- Adherence to the process manual must be proven in all activities.
- All invoices must be processed accurately.
- All processing activities, account reconciliations and payments must be done on time and without errors.
- Invoices must be properly prioritized and all related instances must be properly indexed in the system.
- Invoices must be processed before their net due date in order to meet the paid-on-time metric.

AP Helpdesk and Processing Shared Performance Criteria:

- The attitude towards colleagues must be positive.
- There should be no escalations made by the main points of contact from the client in Portugal towards the employee's managers at Genpact.
- The employee should be proactive and participate in team meetings and internal trainings, as well as volunteering activities.
- The employee should show her or his initiative through involvements in process improvements such as Lean or Six Sigma projects.
- The employee should cover the activity of a colleague during her or his leave (which means being her or his backup) for at least one week and with all the service level agreements met.
- The employee should prove extra efforts in peak periods in order to meet the metrics.
- A positive attitude towards special request that might come from the direct manager (such as reports, investigation analyses or writing process manuals) is highly appreciated.

Based on the criteria listed above, the employee's monthly performance can be ranked as low, average, satisfactory, good and very good. Employees with low performance do not receive any financial bonus for the respective month. Average employees get a bonus consisting in 3% to 5% out of the monthly wage, satisfactory employees receive between 7% and 9%, good employees get between 10% and 15% and very good ones receive between 15% and 20%.

Furthermore, an employee can arrive late to work only within a 10 minutes interval and this can only happen for no more than 5 times per month. There are special cases accepted when properly justified. If employees fail to comply with this rule, the maximum monthly bonus they can receive consists in only 9%, meaning a satisfactory performance.

16. Monthly performance rankings

Rank	low	average	satisfactory	good	very good
Financial bonus	0	3% - 5%	7% - 9%	10% - 15%	15% - 20%

However, according to this monthly ranking, most of the employees fall within the average and satisfactory categories, there are a few good employees and very good ones are very hard to find.

Furthermore, based on all of the monthly performance evaluations conducted during one year, each employee can benefit from a raise in their salaries. Again, the employees are divided into several categories: least effective 10% of the employees, the 70% category (which is divided into 3 sub-categories: low, medium and high performance) and top 20% employees. Least effective employees do not receive any raise. Among the employees included in the 70% category, those with low performance get a raise consisting in 1% to 2% out of the monthly wage, medium ones receive between 2% and 4% and high ones get between 4% and 6%. The top 20% employees only receive a 6% to 8% raise.

17. Annually performance rankings

Rank	least effective 10%	70%			top 20%
		low	medium	high	
Raise	0	1% - 2%	2% - 4%	4% - 6%	6% - 8%

However, according to this annual ranking, most of the employees fall within the 70% - medium category.

9. Methodology

A survey will address the level of satisfaction that employees of BPO companies associate to their jobs, as well as the possibility of achieving a higher level of professional satisfaction by working at a regular company.

As previously mentioned, the respondents of this survey will be my colleagues at Genpact.

I will compare my own point of view from the case study on a day in the life of a BPO employee with those of my colleagues. The goal is setting a trend regarding the overall motivation within a BPO company.

Afterwards, based on my findings, as well as on the analysis of the outsourcing industry and on the theoretical approach, I will determine the possibility for changing the concept of **outsourcing** processes outside the organization with the concept of **managing** those processes from the outside, by a different business entity.

The survey will address aspects like: the reasons behind the decision of working in a BPO company; the effectiveness of the collaboration between the BPO employee and the client, the client's suppliers and the employer; the level of appreciation of the employee's efforts from the BPO employer's, as well as the client's point of view; the stress level of the actual job, including the evaluation of the amount of routine activities; the correlation between the employee's motivation and aspects like the monthly job performance evaluation and the monthly wage; the chances and the desire for a horizontal job shift and/or a promotion; the way the client is perceived by the BPO employee; the sense of inclusion within the client's business; the ideal period of time to be spent on the same process and/or with the same client; the employee's experience level within the BPO company, including her/his opinion on the time needed to invest in becoming 100% familiar with the process; the negative connotation that the term "Outsourcing" might have from the client's location perspective; the possibility to evolve from BPO to BPM; the perception on the comparison of the satisfaction level between "regular companies" employees and BPO employees; the reasons for which companies choose Romania as their outsourcing destination.[16]

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[16] Please go to Annexes in order to see the complete Survey with all of its questions and answering options.

10. Survey Analysis and Conclusions

10.1 Summary of Responses

The survey was sent to 25 of my colleagues at Genpact, out of which 19 provided answers to the survey's questions. Below you can find a graphical summary of their opinions.
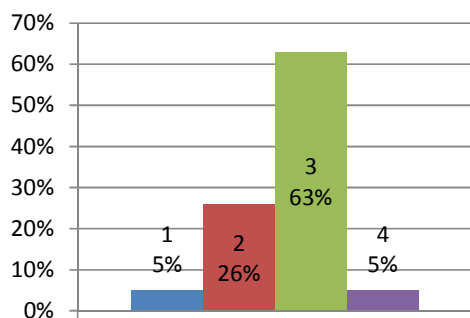
1. What made you work in a BPO company?
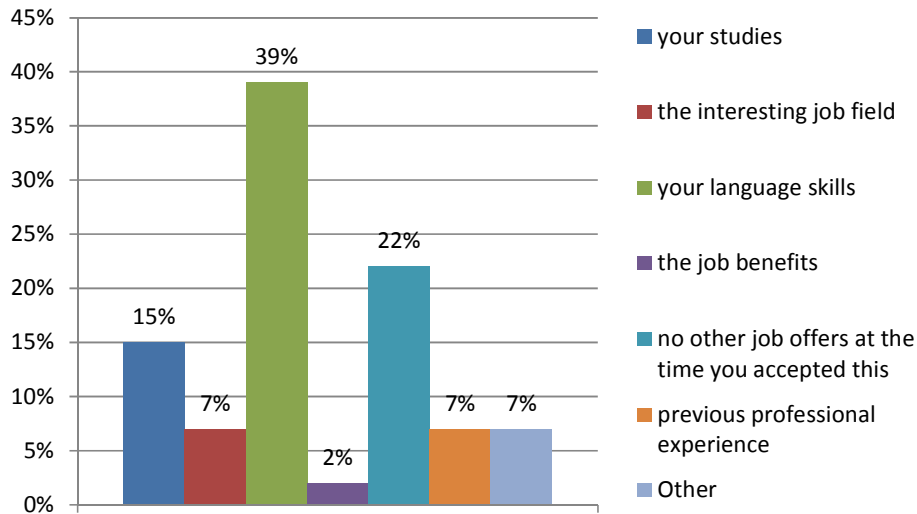
The other answers provided were:

- I was hoping to get better job offers after this.
- A good starting point
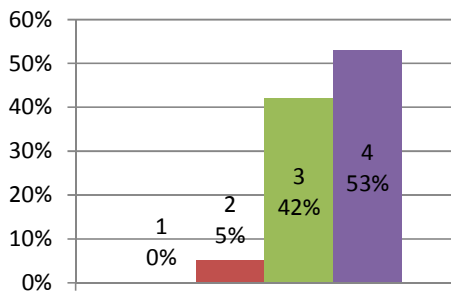- I thought that it would be interesting to work in a multi-language environment.

2. How good is the collaboration between you and the client you work with on a scale from 1 (very low) to 4 (very high)?

3. How well do you collaborate with the client's suppliers on a scale from 1 (minimum) to 4 (maximum)?
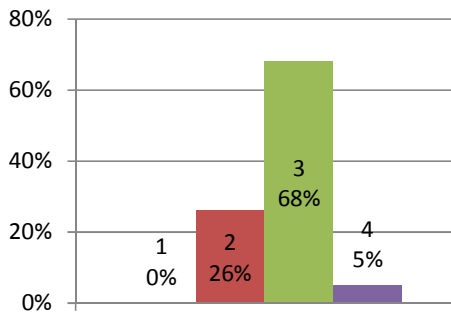
4. How high is the stress level at your job on a scale from 1 (very low) to 4 (very high)?

5. How much of your daily job is based on routine, standard activities?
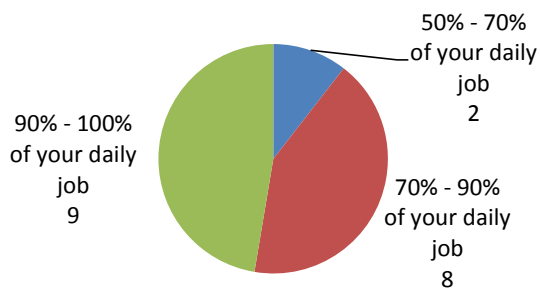
6. Do you feel like the monthly job performance evaluation has a positive outcome on your motivation?
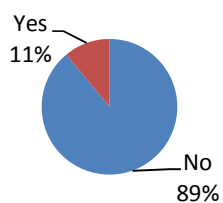
7. Based on your answer given at question 6, why do you feel that the monthly job performance evaluation has / does not have a positive outcome on your motivation?

- (No) The monthly evaluation is more of a discussion with regards to your performance in that particular month. The BPO employer focuses on points to be improved so that the outcome is better for the client. However, motivation strongly depends on the approach of the employer and a positive and outgoing attitude can help on the short run to increase the employee's performance and esteem, on the long run the routine, stress and most importantly lack of financial motivators will set in and determine a job shifting.
- (Yes) The monthly job evaluation helped me improve my daily work and keep my career continually moving in a forward direction that matches my goals.
- (No) The monthly job performance evaluation is based on irrelevant and very quantitative criteria, taking into consideration mostly numerical outputs and not focusing enough on qualitative inputs.
- (No) Low benefits.
- (No) The monthly evaluation is aimed at reaching the predefined service level agreement metrics. There is no focus on individual motivation. In other words, employees are merely seen as tools used in order to achieve those metrics.
- (No) The monthly evaluation is not aimed at increasing the employee's motivation, but to force a higher productivity upon her/him. I think that a different approach would have better results.
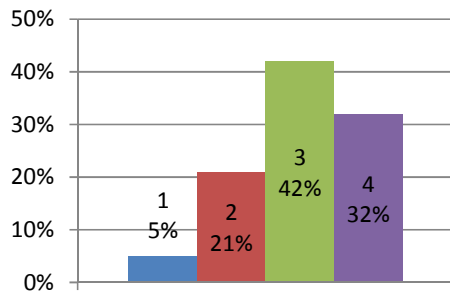
8. How much does your monthly wage motivate you on a scale from 1 (minimum) to 4 (maximum)?
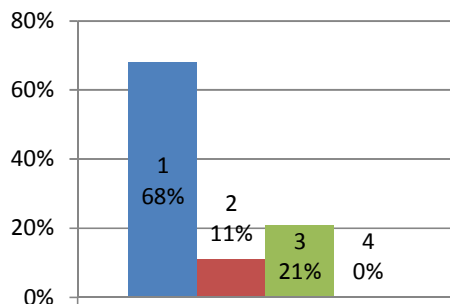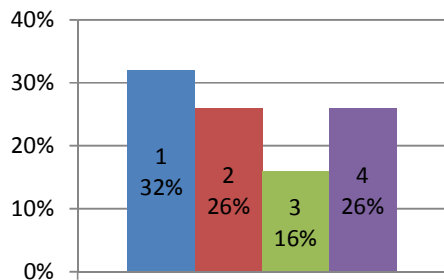
9. How high do you think your chances for a promotion are on a scale from 1 (minimum) to 4 (maximum)?
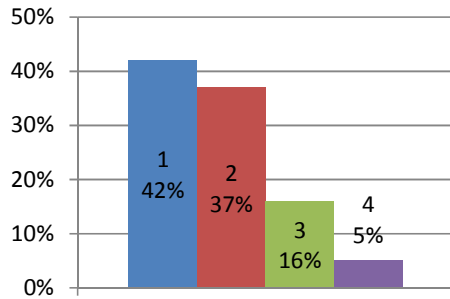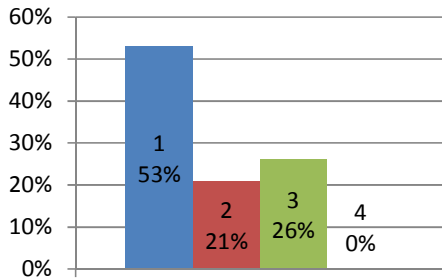

10. How high do you think your chances for a horizontal job shift are on a scale from 1 (minimum) to 4 (maximum)?
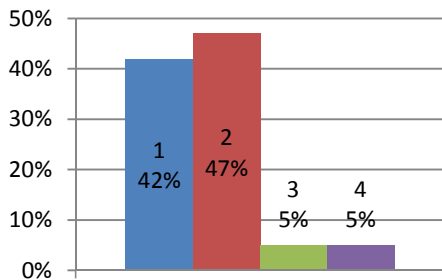

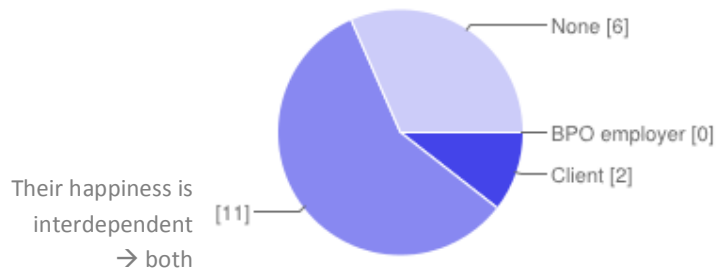11. How much do you want a promotion on a scale from 1 (minimum) to 4 (maximum)?

12. How much do you want a horizontal job shift on a scale from 1 (minimum) to 4 (maximum)?

13. How high is your sense of inclusion within the client's business on a scale from 1 (minimum) to 4 (maximum)?

14. What do you find more rewarding: a happy BPO employer or a happy client?

15. Please explain the answer provided at question 14.

- (Both) I think that it is a win to win process.
- (Both) As long as the client is happy with the results so will the BPO employer be. Also the standards will become higher. But I believe the employee's (professional) happiness is also very important as this triggers better results.
- (Client) If the client is happy, then this assures that all the Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) will be met at the end of the

quarter. Thus, the BPO employer will be even happier, so I don't have to personally worry about that.

- (Client) If the client is satisfied then the employer should be rewarded.
- (None) Their happiness, financial or emotional, does not reward me in any way.

16. Do you feel like the client is, in a way, your second employer?

17. Please explain the answer provided at question 16.

- (Yes) Definately the BPO company is just an intermediator between you and the client. The client is the one who hires you and takes the final decision.
- (Yes) Without the client my job would not exist or, at least, it would serve a different client.
- (Yes) The client pays the salary.
- (No) The perceived professional distance between my work and the client's work is too big. I do not feel my work, my speed or my dedication can ultimately improve or reduce the quality or efficiency of the client's business.
- (Yes) I have to perform based on certain guidelines, service level agreements and key performance indicators set by the client.

18. Do you feel like the term "Outsourcing" can have a negative connotation from the client's location perspective due to it being related to layoffs?
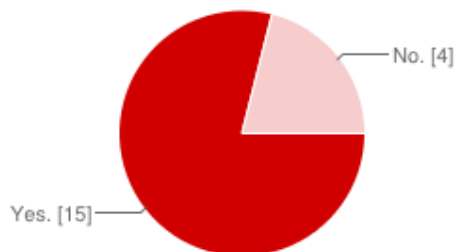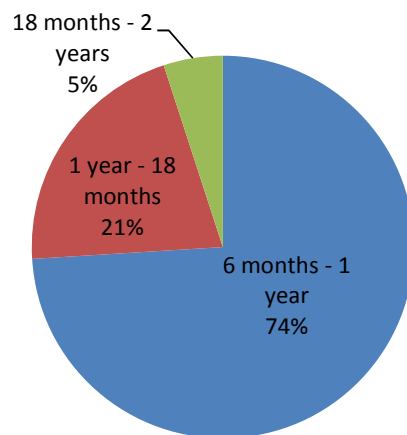
19. Please explain the answer provided at question 18.

- (Yes) The first reason employees seek out to outsourcing companies is that they need a job, but in the same time they are conscious about the fact that they are paid less and do not have a lot of advancement opportunities.
- (No) I think that the client's location has better overall employment possibilities.
- (Yes) Outsourcing means giving up locally on part of the company's activities. Naturally, these activities will be handled by other people than the client's host country citizens.
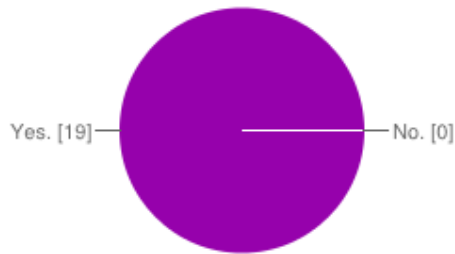
20. What is the ideal period of time to be spent on the same process?
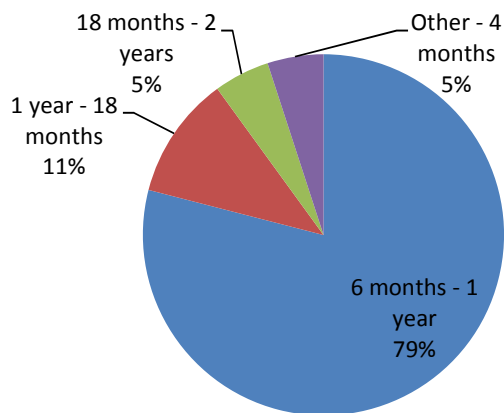
21. What is the ideal period of time to be spent with the same client?

22. Would you rather work at the client's premises?

23. Regarding the answer provided at question 22, please explain why you would / would not rather work at the client's premises.

- Maybe working directly for the company increases the level of respect received from colleagues which are currenly long distance collaborators.
- Working at the client's premises offers you many advantages such as a high salary and advancement opportunities.
- Who wouldn't?
- I would rather work abroad.
- I would feel more integrated in its business, more part of it and I would feel my work more valuable.
- I would rather build an international career in better paid locations.

24. Do you feel like an evolution from Business Process Outsourcing to Business Process Management would be possible?
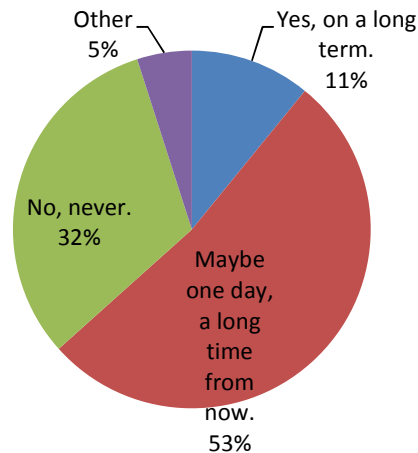
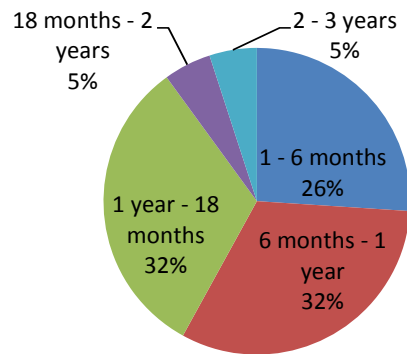Other (5%): A client would never grant such an amount of autonomy to the provider.

25. On a scale from 1 (minimum) to 4 (maximum), how well are your efforts being appreciated by the client?
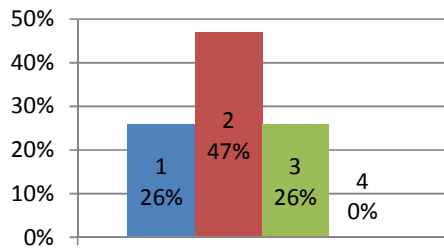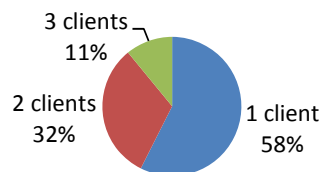

26. On a scale from 1 (minimum) to 4 (maximum), how well are your efforts being appreciated by the BPO employer?
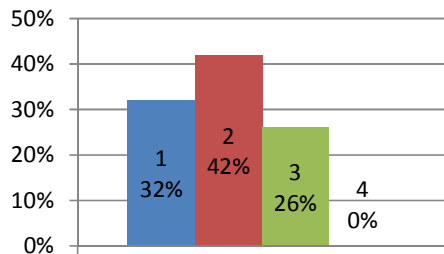
27. How long have you worked for your current employer?

28. How many clients have you worked with while being a BPO employee?

29. How many processes have you tried within the same BPO company?
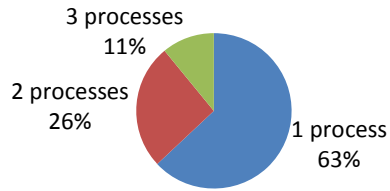
3 processes
11%
2 processes
26%
1 process
63%
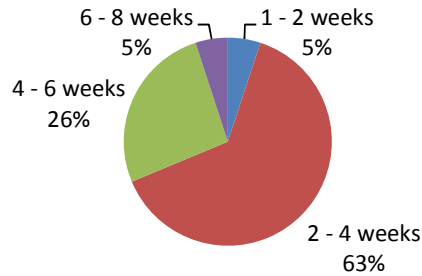
30. How long did it take you to learn all the "perks and tricks" of a process?

6 - 8 weeks
5%
1 - 2 weeks
5%
4 - 6 weeks
26%
2 - 4 weeks
63%

31. How long did it take you to become 100% familiar with the process?

2 - 3 months
32%
1 month
21%
1 - 2 months
47%

32. Why do you think companies choose Romania as their outsourcing destination?

24%
21%
10%
0%
12%
4%
24%
5%
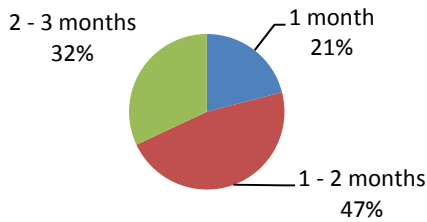
- Low costs
- Skilled workforce
- High workforce
- Stable workforce
- IT expertise
- Domain expertise
- Language skills
- European location
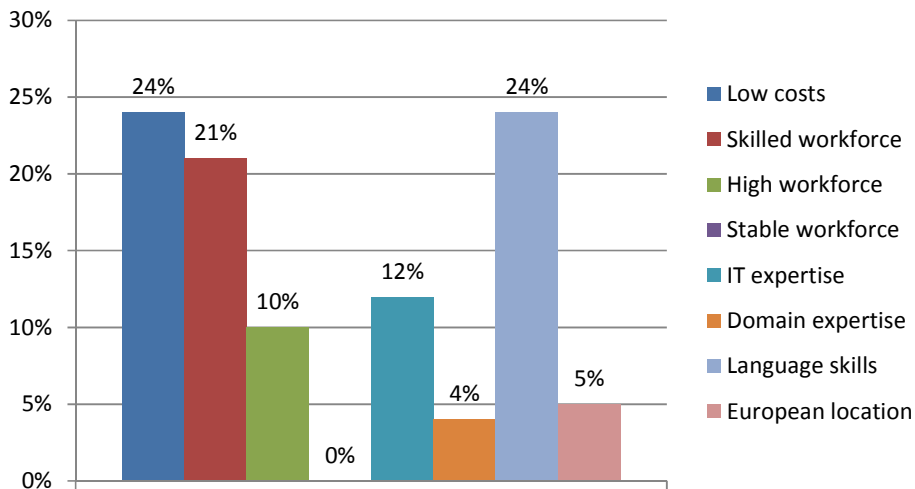
33. Do you feel like "regular companies" employees are more satisfied with their jobs?
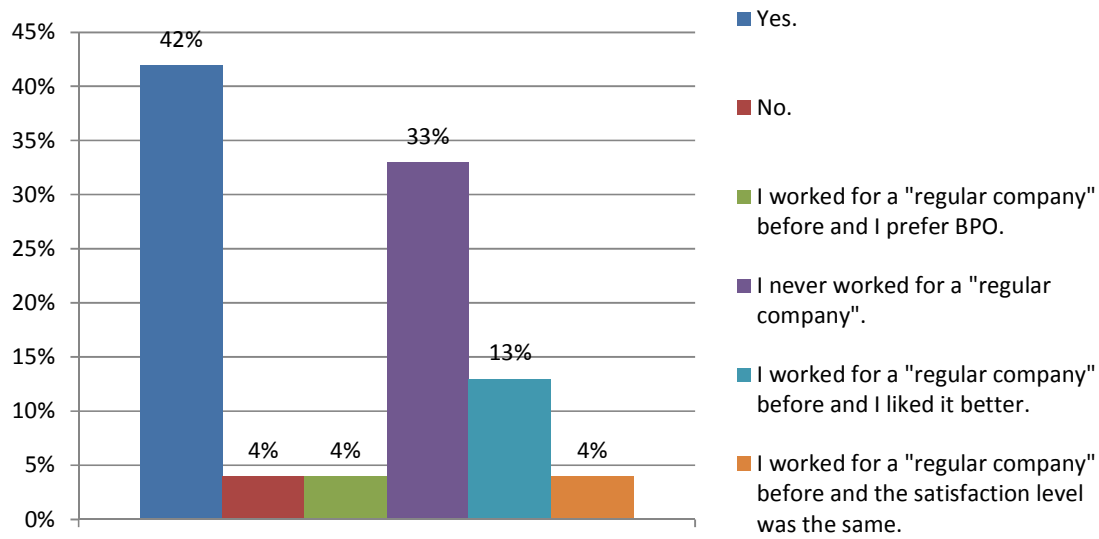
34. What should your employer do in order to increse your motivation? Could you please provide a few examples?

- I would like to work in a company that encourages people to always exceed themselves and to set new goals and challenge themselves on a daily basis.
- Appreciation, higher salary.
- I am not an expert in HR, so my solutions do not seem reasonable.

10.2 Conclusions

Most of the respondents chose to work in BPO due to their language skills. Many of them accepted this job because there were no other job offers at the time. A few were also driven by their previous studies. As an additional explanation, they classified this job as being a good starting point in their careers.

With regards to BPO being a good starting point, this opinion is strengthened by the respondents' experience with the current employer: between 6 and 18 months, most of them having worked with only one client and having tried only one process. Moreover, this is the first job for the majority of my colleagues.

It usually takes 2 to 4 weeks to learn everything about a process. It takes 1 to 2 months to become 100% familiar with the process.

Most of the employees collaborate relatively well with the client, as well as with the BPO employer – level 3 out of 4. However, there were quite a few respondents mentioning a level

2 collaboration. Furthermore, most of them think that the appraisal of their efforts given by the client and the employer reaches a satisfactory level 2 out of 4.

The majority of the respondents assign 4 and 3 stress levels to their jobs. The routine activities percentage ranges between 70% and 100%.

The monthly wage does not motivate employees, most of them choosing level 1 out of 4.

The monthly job performance evaluation has a mostly negative outcome on the employees' motivation. Some of the reasons provided are: the focus on the positive outcome for the client rather than the employee; lack of a positive and outgoing attitude from the employer's side; no incentives in increasing the employee's self-esteem; irrelevant criteria used in this evaluation; low benefits arising from the evaluation; the use of employees as tools to increase the service level agreements' metrics.

Most of the employees have low to medium-low chances for a promotion. However, their desire for a promotion is almost evenly distributed between levels 1, 2 and 4. Hence, there is no identifiable pattern in the employees' advancement desire, which can probably mean a certain amount of confusion associated to their career evolution within the BPO company.

Most of the employees have medium-high to high chances for a horizontal job shift. However, they are not really keen on obtaining this career change, the mostly shared desire on doing so only reaching level 1.

The respondents' sense of inclusion within the client's business is low to medium-low. Despite this, they feel like the client is their second employer because: their wages are indirectly paid by the client, their performance is evaluated based on SLAs and KPIs set with the client and, ultimately, without the client their jobs would not exist.

All the respondents would rather work at the client's premises. Among the reasons for this unanimous opinion I will mention the desire for increasing the level of respect received from colleagues which are currently long distance collaborators and the desire for higher wages and mobility in their careers.

According to the majority, it is more rewarding to have equally happy client and BPO employer, since their happiness is interdependent. However, there were quite a few respondents saying that the entities' happiness does not reward them in any way.

The respondents associate a negative connotation from the client's location perspective with the term "Outsourcing". They explain that giving up locally on part of the company's activities also means giving up on some of the local employees.

According to the answers provided, a person should not spend more than six months to one year on the same process and/or with the same client.

Most of the BPO employees think that an evolution from BPO to BPM might be possible one day, a long time from now. However, quite a few respondents mentioned that this evolution

will never take place since a client would never grant such an amount of autonomy to the provider.

According to my colleagues, companies choose Romania as their outsourcing destination mostly due to low costs, skilled workforce and language skills. It is interesting to observe that none of them think that one reason could be a stable workforce. This opinion also strengthens the fact that BPO is usually a starting point in one's career and BPO employees would rather not spend more than one year on the same process and with the same client.

When asked about "regular companies" employees being more satisfied with their jobs, most respondents agreed with this statement. However, their opinions might be based on assumptions since most of them never worked for a "regular company".

11. The possibility to evolve from BPO to BPM

The BPO industry has been one of the fastest-growing economic sectors. However, there are some negative outcomes expressed through job losses in home economies. Still, outsourcing is encouraged due to globalization, international trades, foreign investments and the overall meaning of BPO: international service trades. In this sense, local job losses have been considered a short-term price to pay for the long-term positive outcome of outsourcing. However, western countries are still expressing criticism towards big multinational corporations transferring jobs abroad and thus increasing local unemployment.

From the client's point of view, margins increase when lowering operating costs. Several studies showed that outsourcing can amount to a 30% increase in benefits compared to keeping all processes in-house. In their never-ending quest for cost cuttings, companies which have initially outsourced part of their processes in well-established economies are now considering moving them to lower cost locations. Hence, **their aim is clearly not triggered at finding partners in managing their processes, but in finding partners which would sell their services even cheaper**.

From the vendor's point of view, margins increase along with the maturity of the relationship with the client. As a result, a vendor's strategy is based on nurturing long-lasting relationships with clients.

BPO providers claim that they are constantly improving their knowledge base through quality trainings such as Lean and Six Sigma, thus being able to offer a problem-solving solution to

the client, rather than just a strictly defined process service delivery. However, nowadays most of the providers are doing that, thus leaving no room for differentiation.

For a provider it is very difficult to convince clients to trust them in **handling** their business processes, some critical for survival and profitability. Hence, asking them to trust the providers in **managing** these processes would be even more difficult.

According to Porter's five forces framework applied on outsourcing, the threat of entry is high, the threat of substitutes is medium, the buyers' bargaining power is medium, the suppliers' bargaining power is medium and the competitive rivalry is high. Thus, BPO does not present itself as an attractive industry when analyzed with this specific tool.

As depicted in the **survey analysis**, I will approach a few findings that also prove the **impossibility for an evolution from BPO to BPM**: employees see BPO as only being a good starting point in their careers; the appraisal of their efforts given by the client and the employer reaches a low satisfactory level; their jobs are very stressful and mostly based on routine activities; they think they are used as tools to increase the service level agreements' metrics; they have low chances for promotion; they associate a certain amount of confusion to their career evolution within the BPO company; they do not feel included within the client's business; they would rather work at the client's premises in their desire for increasing the level of respect received from colleagues which are currently long distance collaborators and the desire for higher wages; they associate a negative connotation from the client's location perspective with the term "Outsourcing"; they would rather not spend more than six months to one year on the same process and/or with the same client. They think that an evolution from BPO to BPM might be possible one day, a long time from now. However, quite a few respondents mentioned that this evolution will never take place since a client would never grant such an amount of autonomy to the provider.

Romania as an outsourcing destination: we sell ourselves cheap and we make unwise international investment decisions.

11.1 My personal conclusion from this experience

When I started working at Genpact I defined myself as being a traveler which resembles more or less to a hitchhiking alien. I was a combination between a former Erasmus student, current employee badge number 123456, a business school graduate and the employee who wants to leave the impression that there are some big plans ahead for her, the only problem being that she has not figured them out yet.

In March 2013 I found out that a new software would be implemented in Genpact. This software would monitor each employee's activity at the computer, calculating the time spent in each program and providing reports on the employee's productive time (meaning working in a productive way), non-productive time (meaning working in a less productive way), productive breaks (such as helping a colleague or attending a business meeting), non-productive breaks (which can be lunch breaks, bathroom brakes, bio breaks <whatever that means> and smoking breaks) and idle time (meaning sitting in front of the computer without performing a certain activity, for example simply reading some information).

After finding out about the implementation of this interesting new software I took the wise decision of searching for a new job.

By the end of April 2013 I will be working for Graffiti PR - BBDO Group Romania, an advertising and public relations agency, planning and promoting events for my client, Oracle. I can now say that I was right in the beginning of this journey when saying that there were some big plans ahead for me. I have finally figured out some of them.

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13. Annexes

Survey - Motivation level for BPO employees
Your identity will be kept anonymous and your answers will be used for quantitative data analysis only.

I am writing a Master thesis on BPO and wish to analyze the level of motivation among BPO vendors' employees.

Completing this survey will take around 15 to 25 minutes of your time.

Your identity will be kept anonymous and your answers will be used for quantitative data analysis only.

Thank you.

*Required

1. What made you work in a BPO company? *

☐ your studies

☐ the interesting job field

☐ your language skills

☐ the job benefits

☐ no other job offers at the time you accepted this

☐ previous professional experience

☐ Other:

2. How good is the collaboration between you and the client you work with on a scale from 1 (very low) to 4 (very high)? *

1   2   3   4

○   ○   ○   ○

3. How well do you collaborate with the client's suppliers on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

4. How high is the stress level at your job on a scale from 1 (very low) to 4 (very high)? *

1   2   3   4

○ ○ ○ ○

5. How much of your daily job is based on routine, standard activities? *

○ 10% - 30%

○ 30% - 50%

○ 50% - 70%

○ 70% - 90%

○ 90% - 100%

6. Do you feel like the monthly job performance evaluation has a positive outcome on your motivation? *

○ Yes

○ No

7. Based on your answer given at question 6, why do you feel that the monthly job performance evaluation has / does not have a positive outcome on your motivation?

8. How much does your monthly wage motivate you on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

9. How high do you think your chances for a promotion are on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

10. How high do you think your chances for a horizontal job shift are on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

11. How much do you want a promotion on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

12. How much do you want a horizontal job shift on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

13. How high is your sense of inclusion within the client's business on a scale from 1 (minimum) to 4 (maximum)? *

1   2   3   4

○ ○ ○ ○

14. What do you find more rewarding: a happy BPO employer or a happy client? *

○ BPO employer

○ Client

○ Their happiness is interdependent --> both.

○ None

15. Please explain the answer provided at question 14.

16. Do you feel like the client is, in a way, your second employer? *

○ Yes.

○ No.

17. Please explain the answer provided at question 16.

18. Do you feel like the term "Outsourcing" can have a negative connotation from the client's location perspective due to it being related to layoffs? *

○ Yes.

○ No.

19. Please explain the answer provided at question 18.

20. What is the ideal period of time to be spent on the same process? *

○ 6 months - 1 year

○ 1 year - 18 months

○ 18 months - 2 years

○ Other:

21. What is the ideal period of time to be spent with the same client? *

○ 6 months - 1 year

○ 1 year - 18 months

○ 18 months - 2 years

○ Other:

22. Would you rather work at the client's premises? *

○ Yes.

○ No.

23. Regarding the answer provided at question 22, please explain why you would / would not rather work at the client's premises.

[text box]

24. Do you feel like an evolution from Business Process Outsourcing to Business Process Management would be possible? *

○ Yes, on a short term.

○ Yes, on a long term.

○ Maybe one day, a long time from now.

○ No, never.

○ Other: [_____]

25. On a scale from 1 (minimum) to 4 (maximum), how well are your efforts being appreciated by the client? *

  1   2   3   4

  ○ ○ ○ ○

26. On a scale from 1 (minimum) to 4 (maximum), how well are your efforts being appreciated by the BPO employer? *

  1   2   3   4

  ○ ○ ○ ○

27. How long have you worked for your current employer? *

○ 1 - 6 months

○ 6 months - 1 year

○ 1 year - 18 months

○ 18 months - 2 years

○ 2 - 3 years

○ 3 - 4 years

○ 4 - 5 years

○ Other: [_____]

28. How many clients have you worked with while being a BPO employee? *

○ 1
○ 2
○ 3
○ Other: [   ]

29. How many processes have you tried within the same BPO company? *

○ 1
○ 2
○ 3
○ Other: [   ]

30. How long did it take you to learn all the "perks and tricks" of a process? *

○ 1 - 2 weeks
○ 2 - 4 weeks
○ 4 - 6 weeks
○ 6 - 8 weeks
○ I am still learning.
○ Other: [   ]

31. How long did it take you to become 100% familiar with the process? *

○ 1 month
○ 1 - 2 months
○ 2 - 3 months
○ I am not familiar with my process yet.
○ Other: [   ]

32. Why do you think companies choose Romania as their outsourcing destination? *

☐ Low costs
☐ Skilled workforce
☐ High workforce
☐ Stable workforce
☐ IT expertise
☐ Domain expertise
☐ Language skills
☐ European location
☐ Other: [   ]

33. Do you feel like "regular companies" employees are more satisfied with their jobs?
*

☐ Yes.

☐ No.

☐ I worked for a "regular company" before and I prefer BPO.

☐ I never worked for a "regular company".

☐ I worked for a "regular company" before and I liked it better.

☐ I worked for a "regular company" before and the satisfaction level was the same.

☐ Other: [   ]

34. What should your employer do in order to increse your motivation? Could you please provide a few examples?

[   ]

[Submit]

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