

Rural Business Process Outsourcing in India – Opportunities and Challenges

V V Ravi¹, Dr. D.Venkatrama Raju²

¹(Research Scholar, Department of Commerce, Vels University, India)

²(Associate Professor and Research Supervisor, Post Graduate and Research Department of Commerce, Pachaiyappa's College, Chennai, India)

ABSTRACT: BPO industry in India has witnessed huge growth over the last decade and it needs to sustain its leadership position and cost competitiveness. Rural BPO, a new trend in the BPO industry in India, can be a solution to sustain the cost competitiveness of India and also contribute to the growth of Tier II, Tier III cities and rural areas. This article tries to study the opportunities and challenges of Rural BPO and understand the perceptions of employees' on its functioning. The authors have used both primary and secondary sources of data to analyse the current status of Rural BPO in India.

KEYWORDS: BPO, Business Process Outsourcing, ITES, Off shoring, Outsourcing, Rural shoring

I. INTRODUCTION

India has now achieved the status of being the 'most preferred location' for business process outsourcing (BPO) for business corporations located in the US, UK and other English speaking countries. Availability of skilled manpower at low cost, a huge English speaking population, and appropriate infrastructure have been the key reasons for these corporations to outsource their business processes to India. But sustaining the cost saving potential on account of outsourcing is the major challenge faced by the industry. The rapid expansion of BPO companies in select metropolitan cities (Tier 1) caused intense competition for available talent and this led to frequent poaching of staff. This has led to increase in salary costs and pressure on sustaining the cost saving potential on out of outsourcing. Managements of IT/BPO companies find that outsourcing their work to a rural area or Tier II/Tier III city in India (hereinafter referred to as "Rural BPO") not only yields better profits without sacrificing quality¹, but also reduces their headache in human resource management. An urban based Indian company may pay an employee INR 30,000-40,000 per month. But without sacrificing on quality or time, the same work could be done in rural areas and Tier Two cities at INR 15,000.² Moreover this is now enabled by extensive network connectivity. Rural BPO is one of the few avenues of employment for rural India and an attempt to combine entrepreneurship and social empowerment bridging the ever increasing rural-urban divide³. This article tries to analyse the opportunities and challenges of Rural BPO Sector.

II. OPPORTUNITIES IN RURAL BPO SECTOR

According to NASSCOM (2010), about 50 rural BPOs employ 5,000 people. The 2015 projections put out by 11 rural BPOs are staggering — about 1,000 centres and 150,000 employees.⁴ If, rural BPOs flourish in this manner, they will create about 10-12 lakhs jobs directly and indirectly⁵. It is also widely seen that, leading BPO companies in India such as Infosys, Wipro, TCS and many others are hunting their talents from small cities in India to achieve cost efficiency in performing transactional jobs like data entry and form filling. According to Ernst & Young (2011), already there are more than 50 successful Rural Centers in India providing BPO Services to both domestic and global clients⁶. Recently ASSOCHAM conducted a study (2011) on employment generation during the Financial Year 2011 covering 56 cities across India.⁷ Tier II and Tier III cities have cornered 38.8 per cent (total 17 cities Tier II cities) and 23 per cent (total 33 Tier III cities) share of the job space respectively in the financial year 2010-11. IT/BPO sector, which commands 30 per cent share in total employment generation during the FY 11, registered 27.6 per cent of growth over the previous year.

III. EVOLUTION OF RURAL BPO

Rural areas are still home for to significant population in India. As per 2011 Census, 72.2% of the total population lives in rural India. 58.7% of the rural population is literate while 79.9% of urban population is literate. As per previous census 20.5 Million people have migrated from Rural to Urban areas for work/employment from 1991 to 2001. The rural-urban divide has been a challenge for India; generation of

employment of potential in rural areas will not only reduce the migration of population from rural to urban but also ensure faster transformation of Rural India.

While the cost difference between US and Tier-I city in India is considerable, significant cost difference exists even within India between a Tier I and T II/III locations. The following table provides comparison of cost of living in three representative locations:

Table 1: Comparison of Costs of Living: Miami-US, Mumbai, India Vs. Madurai

Cost Component	Mumbai V Miami (Mumbai lower by)	Miami V. Madurai (Madurai lower by)	Mumbai V. Madurai (Madurai lower by)
Consumer Prices	61.57%	67.48%	15.37%
Rent Prices	69.18%	91.62%	72.20%
Restaurant Prices	69.36%	84.50%	49.40%
Purchasing Power	50.95%	66.90%	32.52%

(Analysis based on Data available as of 6th April, 2013 in <http://www.numbeo.com/cost-of-living>)

Regardless of the global recession the telecommunication industry in India saw unforeseen growth. Indian operators added another 15.41 million customers in January 2009 and 13.45 million users in February 2009 taking the mobile users to 391.8 million. The market is just the tip of the iceberg as businesses start exploring local language markets both in voice and standards in text messaging in local language. The mobile industry has opened up call centres for local language users and a new market is set to grow in this sector. Breakthrough in telecommunication in India reduced the world to a global village.

IV. REASONS FOR EMERGENCE OF RURAL BPO

The industry experts suggest there are several reasons why rural BPOs are growing and gaining prominence^{6, 8-11}. The major reasons are:

1. Cost: According to NASSCOM-Everest Study report (2008), movement to low-cost Tier- 2/3 cities is attractive despite lower employability and higher management overheads. As per their analysis shows that providers can reduce total operating costs by 20-30 per cent by moving to a low-cost city within India¹². By doing this, the industry can effectively tap labour pools in several states across India. Rural employees accept less money because their cost of living is less. The operational costs like real estate rentals, transportation, and facilities management are also substantially lower compared to Tier I cities. This provides sustainability for the BPO industry in India. If Tier I city is the only option, with the increasing costs in India, the global customers may start looking for alternate cheaper locations outside of India (example: Philippines, China). The cost differential between urban and rural areas helps in sustaining India as the attractive location for BPO.

2. Growth of domestic outsourcing market: The Indian domestic companies explore outsourcing market in order to reduce their costs. Between a Tier 1 city and Tier 2/3 city, there is a significant cost differential (refer to the Table above on Comparison cost between Mumbai & Madurai). The advantage in leveraging rural India for domestic market is that the skill set (especially communication skills) requirement for handling BPO processes for a domestic company is relatively lower compared to global corporations.

3. Local Language: Rural BPOs bring in access to vernacular language capabilities essential for penetrating regional and rural markets. Considering the geographic spread, cultural diversity and numerous dialects within India, Rural India is better positioned to handle business processes relating to regional markets within India.

4. Government Incentives: Both the national and state governments are supporting and providing incentives for setting up Rural BPO. Some State Governments have come out with Rural BPO Policy to promote BPO in rural areas.

5. Participation from non-government organizations (NGOs): Promoting Rural BPO is more viewed as a corporate social responsibility as the same provides great opportunity to uplift the rural population. Various non-profit organizations and NGOs work with BPO companies and the local community to establish BPO in various rural areas.

6. Alignment of interest with the Indian business: Banks and Telecom companies want to penetrate the interiors of India to sell their products. Rural BPOs can provide a viable service support infrastructure for these companies.

V. WHAT KIND OF SERVICES OFFERED BY RURAL BPO?

Rural BPOs have come up as an alternative for low-end, low-skilled data entry work that proves to be costly when worked out of a tier I or a tier II BPO. Typical services offered by Rural BPOs include¹³:

Data based services: Digitization services, data entry, converting documents to different formats, book digitization, and typing, scanning, conversion of hard copy into soft copy.

Voice based services- inbound and outbound calling – typically, tele-sales, tele-marketing, and customer care for telecom companies requiring local language capabilities.

VI. RURAL BPO – AN OPPORTUNITY OR JUST HYPE?

In a typical BPO, the services in high cost country are moved to a low cost country and therefore the opportunity to promote BPO is limited to those low countries which has the skilled labour, scale and infrastructure. Since there is always cost differential between an urban and a rural location even in advanced countries, the concept of Rural BPO is relevant for every country. Moreover, because Rural BPO protects jobs getting moved out of the country, Rural BPO is gaining importance in high cost countries like US. Even where there is no very little chance moving out of the country because of language and cultural complexities (like Japan), Rural BPO is becoming popular because of the cost advantages. Saloni Malhotra and others (2007) find rural BPO model provides cost cutting alternatives to urban clients and new sources of income and employment to the villagers, by leveraging Internet technology through a case study on a Rural BPO Company in India¹⁴. While in a study (2011) conducted on 200 youth aspirants in Madhya Pradesh, it is very revealing that so far the youth of rural areas have not identifying BPO as a lucrative career option.¹⁵ An attempt is made now to study the growth of Rural BPOs and understand the functioning of rural BPOs from employees’ perspective. For the purpose of this study, we have included employees of BPO in Tier 2/3 and rural areas.

Objectives of the Study

1. To study the Rural BPOs in India and their functioning process
2. To ascertain the perception of Rural BPO employees regarding the functional activities
3. To analyse the perception of Rural BPO employees regarding the functional activities
4. To analyse employees perception towards challenges in the BPO companies in rural areas.

Hypothesis

1. There is no significant growth in the Rural BPOs of in India
2. Employees of Rural BPOs differ in the perception towards challenges in Rural BPOs in India.

Methodology

This study is based on primary as well as secondary data. The main aim of primary data is to ascertain employees’ perception towards Rural BPOs. The secondary data presents growth Rural BPO in India and the challenges faced by the industry.

Hypothesis 1: Growth of Rural BPO in India

The secondary research done reveals that there are multiple types of Rural BPOs in India – BPOs in “Tier2/Tier 3” cities and BPOs that run in Villages (“Village BPO”). Rural BPOs service local business, Government, regional, domestic and international customers or a combination of domestic and international customers. Some of the large business organizations start Rural BPO as part of CSR initiative while a few of them move their process to rural areas for reducing cost. Some of the large service organizations partner with Rural BPOs and subcontract the work to rural areas for cost reduction.

Based on the Business Model, broadly four types of Rural BPOs are prevalent in India:

- 1) Domestic Captive
- 2) Service Provider operate in Villages using (Hub and Spoke Model)
- 3) Large Service Provider operate with Smaller Service operate in Rural areas
- 4) e-Governance Service centres through Rural BPOs

DesiCrew, Uday Foundation¹⁶, Comat, Source Pilani, B2R, Dristee, Harva, HDFC Rural BPO Center at Tripati, FOSTeRA, Source For Change, Rural Shores, Atalji Janasnehi Kendras for Karnataka’s e-governance (earlier known as “Nemmadi”) are some of the Rural BPOs operating in India¹⁷.

Table: 2: Rural BPO - Growth Projections (By 2013 - 2015)

Companies	Current		Projection		
	Customers	Centres	Employees	Centres	Employees
ADF*	1	2	550	NA	NA
B2R	3	2	100	100	6,000
DesiCrew	12	5	225	50	5,000
Drishtee	6-7	2	30	NA	NA
eGramIT	15	4	700	30	3,000
Harva	5	3	30	70-100	10,000
NextWealth	NA	2	200	40	1,000
RuralShores	12	6	500	500	100,000
Source For Change	4	1	70	200	10,000
SourcePilani	7	1	60	5	500
Tata Group**	4	NA	2000	---	10,000
Total		26	4,465	925	145,500

The above List includes only those Companies that have has rural BPO's for at least a year.

* A large domestic bank's back office located near Tirupati;

** for needs of group companies. About 2,000 of the 7,000 staffers are in rural areas

(Source: www.bpmwatch.com/knowledgeBase/rural-bpo.html posted in Aug 12, 2010)

It is also observed that leading Indian Business Process Service providers (such as Genpact, Infosys, Wipro, Aegis) have created centers in rural areas or formed partnerships with rural BPOs. Genpact, the \$1.1 billion global BPO major, has given out its internal finance and accounts work to RuralShores, one of the largest rural BPOs. Mainstream BPOs like Infosys BPO¹⁸, Wipro BPO and Aditya Birla Minacs are looking to further outsource some of the basic work they get like digitising forms, data entry, cataloguing books or ensuring accuracy of website content. Bharti Airtel and Aegis are running pilots. According to NASSCOM, (as of 2010) there are about 50 rural BPOs, employing about 5,000. By 2015, this is expected to go up to 150,000! Therefore, the Hypothesis-1 namely, that the there is no significant growth in Rural BPO in India is rejected.

Hypothesis 2: Employee Perception towards Challenges in Rural BPO

The key challenge is to convince the global clients that work can be done and delivered more efficiently by a BPO unit located in a village. Based on secondary research, it is found that while there is good case for promoting rural BPOs, there are quite a few challenges in running a Rural BPOs¹⁹. Some of the key challenges are discussed below:

1. Availability of Power & Infrastructure

According to Junjunwala²⁰ (Lead for the Telecommunications and Computer Networks Group (TeNeT) at IIT Madras) BPOs can use low-power system and even the existing power infrastructure can be used, provided there is a very good power backup system in place. Rural BPOs can also use decentralised energy generation, alternative energy generation, etc. BPOs do not consume large amount of electricity. But steady electricity supply is a concern forcing us to rely on gensets which are more expensive. Long and extended power cuts from a few hours on the lower side to a few days on the extreme side are taken for granted in Indian villages. This often limits the variety of services that the BPO could offer.

Transport and installation of hardware from urban places to remote locations is tedious and expensive.

2. Support for business

It is difficult to persuade the software vendors and the maintenance engineers to provide on-going service and support in remote places like Nellore and Tirupati.

3. Skilled Resources – Availability, Sustainability & Scalability

Skilled Resource availability, Retention and Training has been a major challenge in Rural BPO and they have to take support from near-by cities. The size of the available skilled labour pool for rural BPOs is limited. Both sustainability and scalability remains a challenge.

4. Access to funding

Most of the Rural BPOs who have seen some success so far now are being supported by large Indian corporations or have managed to receive funding through venture capitalists based on the social impact that the business could cause. A strong business case with scalability and growth prospects remains unclear and uncertain.

An attempt has been made to study the perception of the employees towards challenges in Rural BPO.

Sample Selection

The researcher collected primary data from employees of BPO Companies in Tier 2, Tier 3 and Rural locations in India. A structured questionnaire was circulated among the employees to exactly ascertain present functioning process and their job satisfaction level in Rural BPOs. A simple random sampling is applied to collect the data from the employees of rural BPOs.

The researcher circulated 200 questionnaires among different Rural BPOs and able to get 150 responses in a useful condition. Hence the sample size of the research is 150.

Data Analysis

The collected 150 responses are subjected to systematic statistical treatment using both multivariable and univariable techniques. In fact the researcher applied 't' test, analysis of variants and multiple regression analysis to ascertain the findings from the employee responses.

In order to identify the perceptions of the Rural BPO employees on the work environment, Living environment and employability related challenges, the Researcher applied KMO Bartlett's test Factor Analysis and non-

parametric Chi-Square analysis to segment the factors possessing direct and incidental effect over challenges and opportunities.

Identification of Predominant factors of Challenges relating to Work Environment in Rural BPOs

This construct consist of 10 variables in Likert’s 5 point scale which ranges from “Strongly Agree” to Strongly Disagree”. The application of Factor Analysis brought the following result:

Table 3: KMO and Bartlett's Test – Work Environment related Challenges

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.736
Bartlett's Test of Approx. Chi-Square Sphericity	2324.389
Df	45
Sig.	.000

From the above Table, it is found that KMO measure of sampling adequacy is .736 and Bartlett's Test of Sphericity with approximate Chi-Square value is 2324.389 are statistically significant at 5% level. This shows that the sample size is adequate and creates conducive situations for the data reduction process of the Construct – ‘Challenges relating to Work Environment in RBPOs’. The sample distribution is also normal and form the reliability on the factors emerged in this analysis.

It is also found that the 10 variables possess the variance ranging from 0.582 to .825 which is statistically significant at 5% level. It is also shown that all the 10 variables vary within the range of 58.2% to 82.5% which is above the benchmark of required variance.

It is found that the 10 variables together explain 74.978% variance for the 4 factors out of 10 variables. The 4 factors are emerged with individual variances 23.204%, 20.403%, 19.528% and 11.843% respectively. The variable loadings of the emerged 4 factors are clearly found in the Related Component Metrics Table. The subsequent effect of KMO Test leads to the following variable loading for the different challenges independently.

The first factor consists of 2 variables as below:

Table 4: Challenges in Work Environment - Factor 1

Sl. No.	Challenges in Work Environment	RCM
2	My organization gets uninterrupted Connectivity/Communication, so that the service levels are not affected	.870
1	My organization gets uninterrupted power supply so that the service levels are not affected	.846

Therefore, this factor is termed as “Uninterrupted Service”

Table 5: Challenges in Work Environment - Factor 2

Sl. No.	Challenges in Work Environment	RCM Value
6	Cafeteria/Restaurant facility is available close to my work place	.854
5	My organization is equipped to handle night shift operations (Transportation, Cafeteria, etc.) night shift working)	.814
3	Employees are able to reach office with reasonable comfort	.714

Therefore, this factor is termed as “Employee Welfare”

Table 6: Challenges in Work Environment - Factor 3:

Sl. No.	Challenges in Work Environment	RCM Value
8	Adequate safeguards in place to ensure information security and access control	.820
7	Security & safety arrangements (Emergency exits, safety alarm, etc.) in my workplace is adequate	.744
9	Periodic awareness training given to handle unforeseen disasters (like Fire)	.610

Therefore, this factor is termed as “Safety & Security”

Table.7: Challenges in Work Environment - Factor 4:

Sl. No.	Challenges in Work Environment	RCM Value
10	Working beyond office hours needed only during extraordinary situations	.872
4	My office infrastructure is conducive to work (Furniture, lighting, work space, etc.)	.655

Therefore, this factor is termed as “Conducive Environment”

The Factor Analysis predominantly identified that the main areas of challenges in Work Environment relate to providing uninterrupted Service to Customer, ensuring Employee Welfare, adherence to Safety and Security and maintaining a conducive environment to deliver BPO Services.

Identification of Predominant factors of Challenges relating to Living Environment in Rural BPOs

This construct consist of 10 variables in Likert’s 5 point scale which ranges from “Strongly Agree” to Strongly Disagree”. The application of Factor Analysis brought the following result:

Table 8: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.844
Bartlett's Test of Approx. Chi-Square Sphericity	2514.853
Df	45
Sig.	.000

From the above Table, it is found that KMO measure of sampling adequacy is .844 and Bartlett's Test of Sphericity with approximate Chi-Square value is 2514.853 are statistically significant at 5% level. This shows that the sample size is adequate and creates conducive situations for the data reduction process of the Construct – ‘Challenges relating to Living Environment in RBPOs’.

The sample distribution is also normal and form the reliability on the factors emerged in this analysis. This leads to the variable determination for all the 10 variables of the study: It is found that the 10 variables possess the variance ranging from 0.405 to .741 which is statistically significant at 5% level. It is also shown that all the 10 variables vary within the range of 40.5% to 74.1% which is above the benchmark of required variance.

It is found that the 10 variables together explain 58.065% variance for the 2 factors out of 10 variables. The 2 factors are emerged with individual variances 30.390% and 27.675% respectively. The variable loadings of the emerged 2 factors clearly found in the Related Component Metrics Table. This leads to the determination of predominant factors as stated in the Tables below:

The first factor consists of 6 variables as below:

Table 9: Challenges in Living Environment - Factor 1:

Sl. No.	Challenges in Living Environment	RCM Value
5	Surrounding locations are well connected with public transportation	.838
6	Surrounding locations are reasonably safe & secured for commutation/living	.783
2	Surrounding locations have reasonably good Educational institutions	.768
3	Surrounding locations have reasonably good medical facilities	.660
1	Surrounding locations have reasonably good housing facilities	.622
10	Surrounding locations have reasonably good infrastructure (Road or Rail)	.602

Therefore, this factor is termed as “Basic Infrastructure”

Table 10: Challenges in Living Environment- Factor 2:

Sl. No.	Challenges in Living Environment	RCM Value
8	Surrounding locations have sufficient with ATMs/Banks	.713
7	Surrounding locations are equipped with communication facilities (Telephone, Internet, etc.)	.738
4	Surrounding locations have reasonably good Restaurants, Hotels, Shops, etc.	.731
9	Surrounding locations have recreational facilities	.709

Therefore, this factor is termed as “Amenities & Social Infrastructure”

The Factor Analysis identified that the main areas of challenges in Living Environment relating to Rural BPOs – 1) Basic Infrastructure and 2) Amenities and Social Infrastructure.

Identification of Predominant factors of Challenges relating to Employability in Rural BPOs.

This construct consist of 15 variables in Likert’s 5 point scale which ranges from “Strongly Agree” to Strongly Disagree”. The application of Factor Analysis brought the following result:

Table 11: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.791
Bartlett's Test of Approx. Chi-Square	4011.785
Sphericity Df	105
Sig.	.000

From the above Table, it is found that KMO measure of sampling adequacy is .791 and Bartlett's Test of Sphericity with approximate Chi-Square value is 4011.78 are statistically significant at 5% level. This shows that the sample size is adequate and creates conducive situations for the data reduction process of the Construct – ‘Challenges relating to Employability in RBPOs’.

The sample distribution is also normal and form the reliability on the factors emerged in this analysis. This leads to the variable determination for all the 10 variables of the study. It is found that the 10 variables possess the variance ranging from 0.513 to .777 which is statistically significant at 5% level. It is also shown that all the 10 variables vary within the range of 51.3% to 77.7% which is above the benchmark of required variance.

It is also found that the 10 variables together explain 61.098% variance for the 5 factors out of 10 variables. These 10 variables exhibited 61.098% and 4 factors are emerged with individual variances 24.365%, 22.313% and 14.419% respectively. The variable loadings of the emerged 4 factors are clearly present in the Related Component Matrix Table.

The first factor consists of 3 variables as below:

Table 12: Employability related Challenges - Factor 1:

Sl. No.	Challenges relating to Employability	RCM Value
3	Availability of Employees with reasonable English proficiency is a challenge in RBPOs	.906
4	Availability of Employees with reasonable Communication skills is a challenge in RBPOs	.883
1	Work involving frequent communication with foreign countries are not handled in RBPOs	.739

Therefore, this factor is termed as “English Proficiency”.

Table 13: Employability related Challenges - Factor 2:

The second factor consists of 3 variables namely:

Sl. No.	Challenges relating to Employability	RCM Value
2	Tier II/Rural BPO handles ‘rule based’ or simple processes leaving no/little scope for analytical or judgmental work	.777
5	Availability of Employees with basic computer skills is a challenge in Rural/Tier II BPOs	.745
12	Tier II/Rural BPOs generally work within normal day timings: 7:00 am to 8:00 pm India time.	.500

Therefore, this factor is termed as “Job Requirements”

Table 14: Employability related Challenges - Factor 3:

The third factor consists of 3 variables, namely:

Sl. No.	Challenges relating to Employability	RCM Value
14	Night shift working is a challenge in Rural/Tier II areas because of cultural/social issues.	.883
13	Night shift working is a challenge in Rural/Tier II areas as the facilities (safety, transportation, cafeteria, etc.) are inadequate to attract people.	.855
15	Night shift working is a challenge in Rural/Tier II areas because better alternatives(day jobs)	.526

Therefore, this factor is termed as “Night Shift Working”

The fourth factor consists of 3 variables, namely:

Table 15: Employability related Challenges - Factor 4:

Sl. No.	Challenges relating to Employability	RCM Value
10	Educational institutions give adequate importance to “employability” (English, Communication skills, etc.)	.863
8	Companies are willing to invest in addressing training requirements of people in Rural/Tier II BPOs	.833
6	More training needed to make people from Tier II/Rural BPO , “employable”	.557

Therefore, this factor is termed as “Training Requirements”

The fifth factor consists of 3 variables, namely:

Table 16: Employability related Challenges Factor 5:

Sl. No.	Challenges relating to Employability	RCM Value
11	Industry-Institutional interaction is critical for promotion of Rural/Tier II BPO	.842
7	Working in Tier II/Rural BPO provides exciting and challenging career	.771
9	Government is taking adequate steps to promote Rural/Tier II BPOs	.634

Therefore, this factor is termed as “Awareness & Promotion”

The Factor Analysis predominantly identified that the main Challenges relating to employability in Rural BPOs are English Proficiency and Training needed to make the rural candidates employable. Challenges in working Night shift and promoting Rural BPO are other the other major factors impacting employment of people in Rural BPO.

VII. FINDINGS AND DISCUSSION

The application of regression analysis clearly revealed age, education, marital status and working in night shift are predominant in affecting the satisfaction level of rural BPO employees. It is concluded that the challenges in Rural BPO have their analogy on the basis of work environment, work nature, work life balance of employees and their job satisfaction levels. The employees differ significantly in the perception towards shift system, practices and culture of the organization. They also feel that the Rural BPOs paved the ways to develop their individual capabilities as well their organizational efficiencies.

The study shows that perception of the employees towards challenges in Rural BPO differs based on demographic profile of the employee and hence Hypothesis 2 is true.

Limitations of the study

The study is restricted to a sample size of 150 and also depends on employees working in a few Tier-2/Tier-3/Rural part of India. This study can be replicated with a larger sample size and more Tier II/Tier III/Rural areas.

VIII. ADDRESSING THE CHALLENGES

Adam S Weinberg states “for rural development to succeed, in a global environment, three things are essential: "human capital, physical infrastructure, and adequate financing.”²¹ The Government, Private sector, local bodies and industry forums need to work together in order address the challenges.

It may be noted that even in some Tier 2 cities, the IT/BPO industries have challenges. For example, Coimbatore, which is a Tier 2 City and the second IT/BPO destination in Tamil Nadu for the last five years. In a meeting organized by NASSCOM in April 2011, the IT/BPO industries in Coimbatore expressed that they face challenges like need for better roads, air and rail connectivity, talent recruitment, vendor capability for

supporting services, cost competitiveness and branding. Availability of robust infrastructure is critical for BPO whether it is in Tier 2 city or in a village.

Setting up of rural BPOs though currently perceived as corporate social responsibility, it is a viable business opportunity, if there is a 'focused and integrated approach'. What is needed is identification and promotion of select rural destinations for development, similar to China & Japan. Even if, just "one location per district" is identified for promotion and development, there is tremendous scope for accelerated growth. It will be easier for the Government to set up and run the infrastructure instead of individual entrepreneurs starting the Rural BPOs in a location which require building of new infrastructure. To start with even the Tier II/Tier III locations which are not yet really grown in the IT/BPO may be promoted for setting up Rural BPO as the skill set requirements much lower in BPO. Recently Kerala Government has come out with a Hub-and-Spoke Model, whereby Tier2 city will work as a Hub for Tier3/Village IT locations. Kochi, Trivandrum and Kozhikode will act as Hub for the many rural locations to be developed around these cities.

Another important factor for the sustainability of Rural BPOs is generation of efficiency, which is possible only through consolidation of services, size, scale and specialization. This should be kept in mind even from the early stages of setting up the Rural BPOs.

IX. ROLE OF NASSCOM FOR DEVELOPMENT OF RURAL BPO

NASSCOM, the chamber of commerce and the 'voice' of the Indian IT software and services industry launched the pilot of its NASSCOM Assessment of Competence (NAC) programme in August 2007. The programme is aimed at the potential employees of the booming BPO industry and is an industry standard assessment and certification programme that aims to ensure the transformation of a 'trainable' workforce into an 'employable workforce'. The programme tests the aptitude of a candidate on different skill sets and includes listening and keyboard skills, verbal ability, spoken English, comprehension and writing ability, office software usage, numerical and analytical skills and concentration and accuracy. The NASSCOM Foundation and NASSCOM are working to study and grow the ecosystem, and ensuring that growth or Rural BPO (which is termed as "Rural BPO 2.0 – Impact Sourcing") is profit-driven ("IS" can reduce costs by around 40 per cent compared to typical urban BPOs and bring down attrition from 40-60 per cent to 8-12 per cent).²²

X. INCENTIVES FROM GOVERNMENT TO PROMOTE RURAL BPO

Some of the State Governments have already announced Rural BPO Policy to promote and support Rural BPOs²³. For example, Tamilnadu has come out with Rural BPO Policy in Aug 2010²⁴.

XI. CONCLUSION

Based on the primary and secondary research carried out on Rural Business Process Outsourcing, it can be concluded that:

- 1) Rural Business Process Outsourcing is the next wave in the Service Outsourcing and there is a strong potential for leveraging cost differential in Rural Centers in India in order to sustain the cost advantage between India and Western countries like US/UK.
- 2) There are challenges in running Rural BPO, but it can be addressed by the various stakeholders.
- 3) The perception of the employees towards challenges in Rural BPO differs based on demographic profile of the employee.

The domestic BPO market (Business Process work of Indian companies) has significant untapped potential(AT Kearney, in its report on "Rewriting India's Shared Services Playbook (2013)) BPO from Indian Companies offers a great potential in the Domestic Services Market, as there is a significant cost differential between Tier I and Tier 2/3 locations. This is an ideal candidate in the current situation, as the skill set requirements is much lower for an Indian company compared to that of US or UK.

A small beginning could later become a great movement. According to some estimates (2009), the rural BPO business is likely to create over 2 million jobs²⁵ in the next five years, which includes a range of services, from technical management of the centres, training centres to prepare the rural youth, training programmers, to direct employment and management opportunities within the BPOs. The auxiliary services that are likely to crop up will include food and transport services, courier services and other technical, maintenance and support services. With a focused and integrated approach there a great opportunity for ensuring sustainable rural development. There is a tremendous scope for accelerated growth or Rural BPO, if there is a 'focused and integrated approach' in promoting and supporting this. Efficiency generation through consolidation, size and scale will provide sustainability and commercial viability for Rural BPOs.

More than 72% of our population is living in rural India. Now there is a great opportunity on hand to tap into the talent pool that thrives in rural areas and ensure balanced growth across the country. This will also ensure that India is in a position to dominate as the “Back Office of the World” for a very long period of time!

REFERENCES

- [1]. DesiCrew’s Rural BPO, Chennai, India - Tracking DesiCrew’s rural BPO: 2 years” – An article authored by Saloni Malhotra Co-Founder, DesiCrew Solutions; (Jan 2009 Issue) (Source: http://issuu.com/i4d_magazine)
- [2]. (2)Article by “BPO now enters Rural India for competitiveness” dated 9th November 2008 by Sree Rama Rao published in www.citeman.com
- [3]. SourcePilani, Pilani, Rajasthan, India, Empowerment, the rural BPO way” authored by Sabyasachi Kashyap published in issuu.com/i4d_magazine/docs/i4d_january_2009_
- [4]. <http://www.dnb.co.in/ITeSBpo2010/Outlook.asp>
- [5]. Rural BPO’s transform Indian BPO market; contributes \$7 million in 2011-12 – published in www.bpmwatch.com, 3rd July 2012.
- [6]. Rural Shoring – Upcoming Avenues for ITeS” – Techbytes-Issue 7 — January, 2011, EY technology newsletter published by Ernst & Young
- [7]. Tier II and Tier III cities Emerging as the New Job Creation Basket in 2011-2012” published by Assocham Placement Pattern in April 2011.
- [8]. Article titled “It Takes a Village: The Rise of Rural BPO” <http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4450> published on February 11, 2010
- [9]. Article titled “Rural BPOs in India Growing Thanks to Lower Cost and Social Goals “published in www.outsourcing-center.com/2010-10-rural-bpos-in-india-growing-thanks-to-lower-cost-and-social-goals-article-41258.html” - by Beth Ellyn Rosenthal, Editor on October 1, 2010
- [10]. Article titled “Rural BPOs Change Face of Indian Villages” authored by Jacob Cherian March 05, 2010 (published in www.groundreport.com/Business/Rural-BPOs-Change-Face-of-Indian-Villages/2919084)
- [11]. Article titled “Rural BPOs creating jobs” published in the website on Jan 29, 2011 www.businesseconomics.in –by Tushar Kanti Mahanti
- [12]. NASSCOM-Everest India BPO Study – Roadmap 2012 Capitalizing the Expanding BPO Landscape” (2008)
- [13]. Article titled “Rural BPOs in India – Are they over-hyped?” published by Parakala, Kumar, KPMG in www.globalservicesmedia.com – published on 18th March 2011
- [14]. Untapped Resources! Amazing Potential! TeNeT’s Rural BPO Initiative” by Saloni Malhotra, P. Rathi, Timothy A. Gonsalves, Ashok Jhunjhunwala and Thejus Giri – published in the book titled “Home Informatics and Telematics: ICT for The Next Billion” in Proceedings of IFIP TC 9, WG 9.3 HOIT 2007 Conference, August 22–25, 2007, Chennai, India
- [15]. An Empirical Study On Job Prospects In BPO: Indian Perspective” By Dhermendra Mehta 1 Jitendra K. Sharma Naveen K. Mehta published in UTMS Journal of Economics [ISSN:] 1857-6982 [Volume:] 2 [Year:] 2011 [Issue:] 1 [Pages:] 29-35
- [16]. Press Release from <http://www.tata.com/media> dated Oct 2008 titled,” Tata Chemicals inaugurates first rural BPO in Uttar Pradesh”
- [17]. Websites of some of the Rural BPO entities in India: www.comat.com; www.desicrew.in; www.sourcepilani.com; www.dristee.com; www.sourceforchange.in; <http://udayfoundation.com>, www.harva.co.in; <http://b2r.in>; www.hdfcbank.com/aboutus/News_Room/pdf/Hindu-30012009.www.elcot.in/rural_bpo_policy (FOSTeRA BPO), www.sourceforchange.com; ruralshores.com;
- [18]. MOU signed to set up rural BPO centres in 22 AP districts” published in THE HINDU on October 27, 2009.
- [19]. Challenges identified for the growth of the IT sector” published in THE HINDU (Coimbatore) on April 26, 2011
- [20]. Interview: Ashok Jhunjhunwala, Professor, IIT Madras, Chennai, India” published in www.i4donline.net - Jan 2009 issue on Rural BPOs.
- [21]. Cited in the Book titled “Achieving Sustainable Communities in a Global Economy—Alternative Private Strategies and Public Policies” – Author: Ralph D Christy (Publication Date: November 30, 2004 | ISBN-10: 9812388095)
- [22]. Rural BPO 2.0 – Impact Sourcing” (www.nasscom.org/rural-bpo-20-impact-sourcing)
- [23]. Article titled “States offer support to rural BPO Centers” written by Shivani Shinde/Mumbai August 05, 2010 in Business Standard
- [24]. Tamilnadu Government ‘s “Rural BPO Policy, 2010” - GO No.(MS) No.38 dated 13th August 2010 issued by Information Technology (B3) Department, Tamilnadu & Website: www.elcot.in/rural_bpo_policy.php
- [25]. Rural BPOs can help in times of financial meltdown” published on 1st January 2009 in <http://i4d.eletsonline.com>.