



## Role of Change Management & Organizational Development in BPO Industry in India: A Literature Perspective

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### ABSTRACT

In India, more than one third of the global BPO market is creating business value from captive and third party service delivery to service optimization, productivity, access to talent and new business facilities for skill and knowledge cost arbitrage and the diversification in the sector which has helped build its capacity to offer process based and knowledge based solutions to particular industries or verticals, it needs to be examined the role of Change Management & Organizational Development in Industry. The paper therefore aims at examining the opinions of the reviewers with respect to the change management and organizational development and further after considering the reviews which aspects can be covered for further studies to analyse the role of change management and organizational development with the help of various techniques to achieve the goal congruence in the BPO's.

**Key Words:** BPO's, Change Management, Diagnosis, Evaluation, Organizational Development, Intervention.

### INTRODUCTION

Indian (BPO) industry or business process outsourcing had a modest start in 1980s by British Air and American Express. It introduced its presence in 1990s with implementing of low cost service verticals with major launch of GE. 2001 was considered as a decade of growth, innovation, maturity in the industry and leadership of the Indian market. With regards to Knowledge based business, India leads the global market with almost 35 percent share and clear competitive advantage. It redefines BPO into business process management (BPM) and leads the BPO 4.0 metrics on foundations of disruptive innovations and value chain. Apart from this, it also potentially encounters the competition from newly established markets like China, Philippines, Mexico, Vietnam and few other countries as well. On the global map, India is one of the countries that has gained confidence by reinventing its economy around Business Process Outsourcing (BPO) and Information Technology (IT) industry. Outsourcing will reduce overheads and US and European companies will able to focus on their core business. Therefore, by outsourcing, companies gain competitive advantage over competition on their industry. Software development, remote management of IT networks, Backend IT operational support, Transaction processing, Call centers, Insurance claims processing, Medical transcriptions, Desktop publishing, Financial research are some of the outsource work that are performed by IT/BPO companies. Most of the school leavers and young workforce are employed in

BPO companies in India. Staff retention and motivation are current challenges faced by BPO companies. High staff turnover will cost companies, by having to spend time and money for training & recruitment of staff. Also sustaining their performance levels is another challenge in routine working conditions. Proposed study mainly focuses on Role of Change Management & Organizational Development in BPO Industry in India. The decision by Management to outsource is often made in the interest of reducing costs, reduce administration time and get the competitive advantage over competitors. Therefore, by outsourcing, companies can focus more on their core business. Generally back office functions such as data capturing, call center operations, financial services, product distribution/delivery and IT related services are very often outsourced. Organizations tend to forget the fact that it is the people who create the competitive advantage in most industries, and that outsourcing above functions can therefore affect the organizations adversely (Fernando 2007). In today's context, there is a great trend for Business Process Outsourcing (BPO). There is a great demand for companies who do the back office functions and other IT related services. Most of the US and European companies made vast expansions by outsourcing their non-core business functions to Asian countries like India, Sri Lanka, China and Philippines. Compared to other countries India has an advantage, because of relatively low labour costs. It has less competitive pressure to be selected as an Outsource designation (Milne 2007). The Business Process Outsourcing (BPO) industry is about a decade old in India. It is the fastest growing segment of the Indian Information Technology (IT)-BPO sector and India is considered the "electronic housekeeper" of the world (NASSCOM, 2009). BPO services are typically provided by Information Technology enabled Services (ITeS). Over the last decade, the BPO industry has grown at a frenetic pace. BPO exports from India grew from \$2.45 billion in FY 2002-03 to over \$16 billion in FY 2012. Presently, the IT-BPM sector in India is expected to provide direct employment to over 3.1 million employees and generate revenues of over 8.1 per cent of the national GDP of India (NASSCOM, 2014). India's market share in outsourcing industry spiked from 51 per cent in 2009 to 58 per cent in 2011. The BPO industry has accounted for around 1.5 per cent of India's incremental GDP in the last decade. Through portrayal of 'work as fun' and 'workplace as yet another campus', the potential workers are attracted to and engaged in the BPO sector. The superior image of work in the sector and the vibrant ambience of workplace with sweeping glass and concrete buildings, row of jazzy computers, the company of smart and trendy peers – help in drawing educated and fun-loving youngsters from urban middle class, who are fascinated with Western ways of living and modern work environments (Ramesh, 2004). Notwithstanding these highly encouraging conditions for the establishment of BPO operators, skill shortages and employee turnover have rapidly become major challenges facing the mushrooming industry (Budhwar, Luthar, & Bhatnagar, 2006; Budhwar, Varmam, Singh, & Dhar, 2006). The BPO sector is facing severe dearth of skilled workers, as the rate at which employees are opting out of mid- and low-level jobs has become alarmingly high (ASSOCHAM, 2011).

## CONCEPT OF CHANGE MANAGEMENT

Change is an alteration of any status quo. Planned change is the deliberate design and implementation of a new policy or goal or change in operating philosophy, climate or style. It aims to prepare the entire organization, or a major part of it, to adopt the significant changes in the organization's goals and direction. It basically has two major goals: improve the ability of the organization to adapt to changes in its environment and change employee behavior. For instance, changes in work schedule, span of management, strategies etc implies substantive modifications to organization. There are several forces that cause organizational change. **Nature of workforce:** In order to make the employees to adjust to a multicultural work environment, policies and practices of organizations are changing in order to attract and retain more diverse workforce. **Technology:** Technology has been changing jobs and organizations. Individuals doing narrow, routine and specialized jobs are being replaced by work teams whose members can perform multiple tasks and actively participate in team decisions. **Economic factors:** The security market and, interest rate fluctuations, and foreign currency fluctuations are some of the economic factors that can cause organizational change. **Competition:** By increasing competition it implies that established and stable organizations need to defend themselves against both traditional competitors who develop new products and services as well as against small entrepreneurial firms which comes up with new innovative offering.

## ORGANIZATIONAL DEVELOPMENT

It can be well defined as: "Organization Development is a long-range effort which helps to enhance an organization's problem-solving capabilities and its ability to cope with changes in its external environment, with the aid of change agents." Beckhard defined it as, "Organizational Development is well planned and managed right from the top management, with efforts aimed at increasing an organization's effectiveness and health through planned interventions in the organizational processes, employing behavioral science knowledge."

Top management takes the initiative, for organizational development process; when it believes that there are deficiencies in the overall functioning of the organization. This initiative comprises of the following components:

- Diagnosis
- Intervention
- Evaluation

It means, Diagnosing the current situation, enables to identify and gather data which helps to solve organizational problems. Change agents collect the required data, through various sources (interviews, questionnaires, observation, documents etc.). Data collected, is diagnosed by the top level management. Intervention is an attempt to correct the organizational deficiency. Once the situation is diagnosed, interventions are designed and implemented with the help of change agents. Organizational development intervention techniques are given below:

**Process consultation:** It enables the group members to gain skills, and resolve group dynamics (if any). Change agents observe the groups minutely and provides

constructive feedback regarding dysfunction in the areas of decision making etc. and communicate the same to top management as well.

**Team building:** It enables to set organizational goals, examine the organization's environment, and analyze the performance.

**Third party intervention:** Conflicts arise due to sub-optimal interpersonal relations, or work issues that can be solved by arbitration, or third party involvement.

**Survey feedback:** Feedback collected by change agents are tabulated for easy identification, and understanding of the issues.

**Techno structural activities:** It enables the organizational members, to improve work technology and organization structure.

**Skill development:** Skill development can take place through management training. It is very much important for organizations to ensure that Managers at all levels can be trained to improve their skills, in the areas of delegation, problem-solving, conflict resolution etc.

The common feature in the above interventions is, that they not only solve the current problems, but enable individuals and groups to acquire the required skills necessary to solve future problems. Evaluation As organizational development is long-term in nature, evaluating the effectiveness of programs becomes necessary. Evaluation depends, on how well the diagnosis stage has pinpointed the areas that are in need of change and also how the desired results have been specified.

#### **LITERATURE REVIEW**

Ruona and Gibson, 2004; Rees, 2008, Sparrow and Budhwar, 1997). Considering that HRM is a relatively new discipline (especially in emerging markets) and the existence of a strong variation regarding the practice of HRD and OC in different parts of the world, more evidence is needed to confirm observations and claims that this convergence is taking place. Further, keeping in mind the contextual and cultural differences across nations (Hofstede, 2001), it is imperative to conduct both country-specific literature analysis and in-depth research investigation to clarify linkages between OC, HRM, and HRD and also to obtain a clear picture of OC interventions (Metcalf and Rees, 2005). This particular research or study is specifically focused upon OC in the context of India. The main aims of this study are twofold: first to highlight key developments in the field of OC in the Indian context; and second to provide empirical evidence from a robust case research analysis to explore how OC interventions are implemented in an Indian setting in order to bring about both individual and organizational efficiency and effectiveness. This study basically includes a case study of a private-public partnership OC transformation at North Delhi Power Limited (NDPL) in India. It further focuses on the changing business environment in India and discusses or highlights why documented analyses of OC interventions in the Indian context are important to theory building and practice. It has been suggested based on the Research literature on OC in India that terms such as OC, change management and organization development (OD) have been used interchangeably. Similarly, corporate transformation (Singh and Bhandarker, 1990, 2002; Bhandarker, 2003) and organizational transformation (Apte, 1998) have also been used as a synonym for change management. A number of scholars have prescribed different mechanisms, which can facilitate OC in Indian organizations

(Blythe et al., 1997; Daniel and Benjamin, 1992; Prasad and Sayeed, 2006; Sharma, 2007; Singh and Bhandarker, 1990; Srivastava, 2003). For instance, Ramnarayan (2003) analyzed OC in several Indian Government organizations and came to a point that a combination of both psychological and leadership-related impediments affect the change efforts. Undoubtedly, successful change management requires effective leadership starting from the top level (Page and Pearson, 2004; Irani, 2004) and sensitization of the top-level executives (Singh and Bhandarker, 2002; Bandyopadhyay, 1998). Indeed, institutionalizing and internalizing such efforts is seen as essential when attempting to bring about change (Garg and Singh, 2005). The meaning of Institutionalization is to make the change a permanent part of an organization; internalization of change means stabilization of change (Pareek, 1987). Pareek's study suggests six main roles need to be performed for successful OC and different functions need to be performed by each role. Such proposals seem to be over prescriptive in nature as they lack clear empirical evidence to highlight the applicability of the proposed roles (for a thorough review, see Fisher et al., 1997; Gupta, 1991; Nilakant and Ramnarayan, 2006; Ramnarayan and Bhatnagar, 1993; Sharma, 2007; Suyampirakasam, 2006).

### **CONCLUSION AND FUTURE DIRECTION OF RESEARCH**

The research effort is to identify in the BPO industry that how process consultation enables the group members to gain skills, and resolve group dynamics (if any). Change agents observe groups, provide the feedback regarding dysfunction in the areas of decision making etc. and communicate the same to top management, how team building enables to set organizational goals, examine the organization's environment, and analyze the performance, whether conflicts arise due to sub-optimal interpersonal relations, or work issues that can be solved by arbitration, or third party involvement. As a part of solution, feedback collected by change agents are tabulated for easy identification, and understanding of the issues or not, whether Techno structural activities enables the organizational members, to improve work technology and organization structure and finally Skill development can take place through management training. Managers at all levels, can be trained to improve their skills, in the areas of delegation, problem-solving, conflict resolution etc. As a part of further study the questionnaire based on scales and measurement can be developed and the survey can be conducted on the employees of BPO companies.

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