Introduction

The world is in the middle of the third era of globalization. The first and second eras introduced cross border trade and manufacturing respectively. The third era of globalization is that of outsourcing of services. Rapid growth of globalization has added to competitive pressures across geographic markets that were previously relatively isolated from overseas competition. The impact of globalization and competition has pushed the organization towards more cost-efficient business models. The drive for greater efficiencies and cost reductions has forced many organizations to increasingly specialize in a limited number of key areas. This has led organizations to outsource activities or business processes traditionally carried in-house. Consequently, outsourcing has progressed from involving only peripheral business processes such as Human Resource Management, IT management, etc., towards encompassing more critical business processes that contribute to a firm’s competitive advantage. As a result global sourcing has become a key corporate boardroom agenda. Thus, as a part of the mainstream business strategies, outsourcing initiatives are being accorded significant senior leadership oversight.

Outsourcing involves the sourcing of goods and services hitherto produced internally from external suppliers. It can involve the transfer of an entire business function to a supplier; or alternatively, it may lead to the transfer of some activities associated with the function whilst some are retained in-house. India is one of the hottest destinations for Business process outsourcing and has to its name a host of fortune 500 and fortune 1000 companies that have set up their BPO units here. India BPO outsourcing is at present seeing a huge expansion with many companies moving up the value chain to provide low end as well as high end BPO services that include Knowledge services. Most BPO vendors in India are now in a position to
handle an entire BPO process on their own. Let us look at some advantages of India BPO outsourcing; India has a relatively cheaper workforce as compared to any other nation. Indian workforce is well educated, computer savvy and has good English speaking skills. India has a good communications and internet infrastructure. The Indian Government is very supportive of foreign investments and has devised many investment friendly laws and taxes. Individual State Governments in India are constantly developing their IT and networking infrastructure in order to attract more BPO investment. India has many quality certified software firms and agencies that act as BPO vendors. These are the very reasons why India and its outsourcing are considered synonymous and the Indian BPO outsourcing market is booming at such a great speed and is estimated to grow even more.

The BPO market has grown by huge proportions in the recent years but there has been an increased backlash against BPO in the US and UK. The primary step in this regard taken by the US senate was to stop federal government outsourcing by the treasury and transport departments. According to recent estimates by Assocham-IDC, the BPO market is expected to reach a huge $1 trillion by the year 2012 with US alone accounting for about 60% of the market. An estimate that sure seems to be coming true looking at the way companies are competing among themselves to outsource business processes.