

University of Strathclyde
Department of Human Resource Management

**Employment, Work Organization and
Employee Experiences of Work in Post-
crisis Indian Business Process
Outsourcing (BPO) Industry**

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Philosophy

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Date: 27 June 2018

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Abstract

The dynamics of change within and across economies have led to restructuring of business activities globally impacting work organization and employees' experiences of work and employment. Externalization and outsourcing of service functions has resulted in firms subcontracting part of work to third-party firms in remote locations. As a result increasing number of workers are no longer directly employed by the organization where and/or whom they work for but are employed by the third-party firms giving rise to "fragmented employment relations and working conditions" (Flecker, 2010). Literature documents the negative consequences of such business arrangements (Taylor and Bain, 2005; Russell, 2009; Vidal and Hauptmeier, 2014).

In the context of the globalization of business services from 2000, the business process outsourcing (BPO) industry witnessed significant growth. BPO is a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider or to an in-house service provider located elsewhere. BPO is typically categorized into back office outsourcing, which includes internal business functions such as human resources or finance and accounting, and front office outsourcing, which includes customer-related services such as contact centre services. BPO that is contracted outside a company's country is called offshore outsourcing. BPO that is contracted to a company's neighboring (or nearby) country is called nearshore outsourcing. Such dimensions allow for diverse inter-firm arrangements and delivery modes, ranging from complete ownership and control to third-party provision. Often the business processes outsourced are information technology-based, and are referred to as ITeS-BPO, where ITeS stands for Information Technology enabled Service.

With regards to BPO-ITeS services, most attention focused on the high-profile offshoring of call centres from the developed economies of the global North (United State, United Kingdom, Canada) to the developing economies of the global South, particularly India (e.g. Dossani and Kenney, 2007). Contrasting but complementary challenges confronted labour and labour markets effecting work and employment at both nodes of capital's transnational servicing chains (Taylor and Bain, 2008).

However, these important debates rested exclusively on evidence derived from the period preceding the crisis of 2008.

A re-evaluation was required based on the re-configured political economy of Business Process Outsourcing (BPO) characterized by shifting customer demands, changing markets and rapidly shifting technology needs. Given the lacuna of published work on post-crisis Indian BPO, this thesis cuts new ground. It examines the dynamics of work and employment across capital's three contrasting servicing chain relationships (Indian third-party, global third-party provider, and an in-house operation), that span the spectrum of offshoring. Evidence from in-depth interviews with senior managers, middle managers and, crucially, agents engaged on 'voice' and back-office services indicate that market driven intensification, strategic reorientation and people management practices adopted post crisis exposed workers much more directly to market pressures giving rise to greater intensification and extensification of work, job insecurity and well-being issues manifesting in different ways in the three case study organisations. In evaluating the empirical evidence of the contrasting case studies, GVC, GPN concepts have been employed to inform analysis and explain developments and differences thereby contributing to the scant literature (pace Taylor, 2010) that applies these analytical frameworks through the concept of the service delivery chain in the 'Indian BPO sector'.

Abbreviations Used

AHT	Average handle time
ASA	Average speed of answer
BPM¹	Business Process Management
BPO	Business Process Outsourcing
CID	Client Identifying Data
CPE	Comparative Political Economy
CRM	Customer Relationship Management
DSO	Day Sales Outstanding
FCR	First call Resolution
FLE	Frontline Employee
FTE	Full Time Equivalent
GATT	General Agreement on Tariffs and Trade
GCC	Global Commodity Chain
GCCP	Global Call Centre Project
GIC	Global In-house Centre (denoting ‘Captive’ centres)
GOI	Government of India
GPN	Global Production Chain
GVC	Global Value Chain
HCM	High Commitment Management
HRM	Human Resource Management
HIPPA	Health Insurance Portability and Accountability Act of 1996 (United States legislation)
HITECH	The Health Information Technology for Economic and Clinical Health Act of 2009 (United States legislation)

¹ Current industry parlance designates BPO as BPM (Business Process Management)

ICTs	Information and Communication Technologies
IJPs	Internal Job Postings
IMF	International Monetary Fund
IPE	International Political Economy
IT	Information Technology
ITeS	Information Technology enabled Services
KI	Key Informant
KPI	Key Performance Indicator
KPO	Knowledge Process Outsourcing
LPT	Labour Process Theory
MM	Middle Management
MNC	Multinational Corporation
NASSCOM	National Association of Software and Services Companies
WTO	World Trade Organisation
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PI	Professional Identity
R&D	Research and Development
SLA	Service Level Agreement
SM	Senior Management
SOP	Standard Operating Procedures
TNC	Transnational Corporation
UNCTAD	The United Nations Conference on Trade and Development
WTO	World Trade Organisation

Terminologies Used

Account – In BPO parlance an ‘account’ or a ‘process’ is any individual business activity that has been outsourced by a client to a service provider in a different location.

Agent – Agent is an individual at a call center who is appointed for answering customer calls. Another name for a call center agent is customer service representative (CSR).

Business Process Outsourcing (BPO) – BPO is a highly diverse category that contains activities related to the management of enterprise resources (ERM), human resources (HRM), and customer relationships (CRM). Specific BPO services include call centers, payroll, finance, and accounting; human resources (HR) activities which are present in the low- and mid-value segments of a value chain.

Back Office Work (or Backend Process or Service) – 'Behind the scene' operations center of a business with which the customer might come in contact but not over telephone. These are mainly support functions of roles that are not directly related to customer support – but do enhance customer experience. Some examples of these include data entry, writing, content creation, research, fraud prevention, application verification, claims processing, enterprise data management among many others.

Captive BPO – Captive Service is a portion of Business Process Outsourcing where an organization will use a wholly owned subsidiary instead of a Third Party Vendor/Provider.

Client – The one who outsources business process/es (normally a lead firm) to a third party service provider/s and receives services from them.

Contact Centre – A contact centre handles all forms of communication, not only voice calls but email, letters, social media, and instant messaging.

Customer Journey Map – Customer Journey Maps are a type of infographic intended to communicate important details of the average customer’s relationship with a brand and is related to enterprise data management which is categorised as back office work.

Full Time Equivalent (FTE) – The equivalent headcount for one person working full time

First Call Resolution (FCR) – First call resolution is properly addressing the customer's need the first time they call, thereby eliminating the need for the customer to follow up with a second call. Reduces call volume for a call centre.

Information Technology enabled Services (ITeS) – Information Technology Enabled Services (also called web enabled services or remote services or Tele-working) covers the entire gamut of operations which exploit Information Technology for improving efficiency of an organization.

Knowledge Process Outsourcing (KPO) – KPO refers to specialized activities that often require professional licensing (such as in the medical, legal, and accounting fields). KPO services include market intelligence, business analytics, and legal services, which are the high value-added general segment of the chain.

Lead Firms – Powerful economic actors in global value chains. Lead firms drive the chain in terms of value addition and distribution, often through externalising low value-added activities.

Lean – Lean is a process improvement methodology that uses a set of tools to identify and eliminate waste from a manufacturing or business process. Originally developed in Japanese manufacturing industry it was later adopted by enterprises of all types to eliminate waste from processes. Combined with Six-Sigma efficiency methods “Lean” approaches have been created to improve business processes.

Nearshoring – The practice of transferring a business operation to a nearby country, especially in preference to a more distant one.

Non-Voice Process (also called back-office work) – Non-Voice process in business process outsourcing (BPO) is a subsection of BPO in which employees sit behind a desk and fulfil duties the customer may not see. Some non-voice employees interact with customers via email and chat support but not by phone.

Offshoring – Offshoring is the relocation of a business process from one country to another.

Outsourcing – In business, outsourcing involves the contracting out of a business process (e.g. payroll processing, claims processing) and operational, and/or non-core functions (e.g. manufacturing, facility management, call center support) to another party (also known as a third-party service provider).

Six-Sigma – Developed by Motorola in 1980's and popularized by its use at General Electric, Six Sigma is a business management strategy that applies statistical techniques to identify and remove the causes of defects or errors in manufacturing and business process

Third-party Service Provider – provider of services outsourced by the lead firms.

Voice Process (also called Call Centre work) – Voice process in business process outsourcing (BPO) is a subsection of BPO in which agents work in call centers where they would talk with customers. Voice BPO will be in charge of answering calls and speaking directly to customers.

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Chapter 1 Introduction

1.1 Introduction

This thesis produces a fine grained analysis of work and employment in the Indian Business Process Outsourcing sector in the context of the developments post 2008 economic crisis. It aims to make a wider contribution to understanding conceptual issues surrounding contemporary globalization of production, dynamics of inter-firm arrangements, labour processes and theorization of labour in globalized production. In pursuance of this aim, the thesis advances an understanding of how analysis of labour and labour process in the context of globalized production needs to be embedded within the concepts of global value chains (GVCs) and global production networks (GPNs). These concepts having gained much prominence have become “the contemporary expression of the ongoing globalization of production” (Phillips, 2016, p. 594). According to a published report by the United Nations Commission on Trade and Development (UNCTAD, 2013), 80% of global trade now flows through GVCs led by transnational corporations (TNCs). Researchers studying work and employment (for example, Newsome, 2010; Newsome *et al.*, 2013; Taylor, 2010; Flecker and Meil, 2010) thus advocate integrating labour into the analytical frameworks of GCC, GVC and GPN in order to understand the nature of employment and the experience of work in contemporary capitalism.

Globally located business services (or processes), specifically customer interactive services (CIS) and their supply chains, are a significant segment of global trade which are embedded within the transnational flows of capital, technology and knowledge, within global value chains and/or global production networks (Lakhani *et al.*, 2013). The thesis focuses attention on this segment of transnational business services with particular reference to business services offshoring to India as it serves an appropriate context to explore these wider conceptual issues. The next section discusses this in detail followed by sections that establish the relevance of the study and discuss the methodological approach adopted. The final section gives a brief overview of the thesis structure.

1.2 The Context of Indian Business Process Outsourcing

Over two decades, firms in developed countries, notably the US and UK, relocated (offshored) back office processes and front office CIS to developing countries, through outsourcing or in-house arrangements. In seeking a 'remote' locational solution to the cost reduction problems in increasingly competitive markets, India became the preferred destination to offshore low cost business services. The sustained expansion of this led to the development of the Indian Business Process Outsourcing (BPO) industry (detailed in Chapter 4, section 4.6). In developmental terms for India, Indian BPO, driven by labour cost arbitrage, became a national priority, a source of inward investment and employment, and acted as a transformative element in the urban landscape of India. BPO growth in India during the early millennium is evidenced by the growth in employment levels as the industry drew 100,000s of male and female graduates into new international divisions of labour via technologically mediated global services supply chains. India benefitted initially in terms of employment growth but the employment levels declined following the 2008 crash and then made a modest recovery from 2011 (see Table 4.1, Chapter 4).

As the overseas migration of business services shifted from tactical and limited responses to strategic, dubbed as transformational offshoring and, as the scale, diversity and complexity of services involved grew, so too did the number of potential destinations. Yet, India remained pre-eminent as 'the world's back office' (Howcroft and Richardson, 2012), accounting for 46 percent of global business services by 2005 (NASSCOM²-McKinsey, 2005, p. 55) rising to 52 percent in 2012 (NASSCOM, 2013) and then 56 percent in 2016 (NASSCOM, 2016). According to reports, the industry aims to reach USD 350 billion by 2025 and continues to be a preferred destination for companies located in the global North to outsource their business services (NASSCOM, 2016).

While Indian BPO firms' growth has been driven by a compulsion to reduce costs in tight labour markets, swiftly followed by effects of the dot.com crash (Dossani and Kenney, 2007; Taylor and Bain, 2005), the broader political-economic milieu for

² NASSCOM is the chamber of commerce of the IT-BPO industries in India. It stands for National Association of Software Services Companies. It is a global trade body with more than 1200 members which include both Indian and multi-national companies that have a presence in India.

almost a decade now has been recession. NASSCOM – McKinsey (2009) estimated that 60 percent of BPO services delivered from India originated in demand from the United States, and 22 percent from the United Kingdom. Inevitably, disruptive consequences would follow for Indian BPO and for the global service chains constructed in a period of growth. It could not be otherwise given Indian BPO's dependence on demand from the developed countries most affected by crisis. Reports from various sources (NASSCOM 2013, BPOWatch India, 2008) confirmed the BPO sector experiencing a high degree of uncertainty with 20 per cent of the BPO providers in India exiting the industry. It is important to draw attention to the fact that it requires internal or domestic demand in developed countries to drive outsourcing to developing countries. For most developing countries, they do not have sufficient demand for these internal services for them to be major factors in economic development (Gereffi and Fernandez-Stark, 2010).

This global interconnectedness (Dicken, 2011) involved in the offshored phenomena makes Indian BPO not a set of nationally-bounded activities³, in the sense that the very decisions on whether to offshore, on what processes or services to offshore and at what volume, to what suppliers and subject to what sourcing relationship (in-house, outsourced) are taken at corporate level by organisations headquartered in the developed world. In the process, complex, integrated and constantly evolving transnational divisions of labour are established, around which global servicing supply chains are constructed and have an impact on the quality of work and employment. In this context, Taylor (2010b) stressed the need for a more effective conceptual framework to understand globalised services. He drew on the related conceptual frameworks of the Global Commodity Chain (GCC), the Global Value Chain (GVC) and Global Production Networks (GPN) and integrated labour as the key conceptual element with this synthesis. In drawing upon these frameworks, he highlighted the power asymmetry between client and supplier in an outsourced call centre 'chain' with performance verification residing ultimately with senior management in the sending country (for example, the UK or US). Operational

³ The state-centric tendency to aggregate activity in national silos for the purpose of comparison was the *modus operandi* of the Global Call Centre Project (Holman *et al.*, 2007) and was based essentially on the Varieties of Capitalism conceptual framework (Hall and Soskice, 2001).

governance at the service delivery interface requires continuous performance monitoring and reporting to management in these countries. Taylor (2010b) argued that if Indian BPO is to be understood, it is essential to grasp the ways in which it is embedded within the transnational flows of capital, technology and knowledge, within global value chains and/or global production networks (Lakhani *et al.*, 2013) and the *timing* of this embeddedness.

1.3 Relevance of the Study

This thesis addresses a lacuna; for while extensive research was undertaken in the pre-crisis years, by contrast, minimal academic attention has been paid to understanding post-crisis conditions, the recovery strategies adopted by the Indian BPO sector and its impact on work and employment. A review of the post-2010 literature reveals that it is overwhelmingly based on data - whether industry/company level or from manager or employee interviews⁴ - predating the crisis (*pace* Noronha *et al.*, 2016; Taylor *et al.*, 2014). Even allowing for inevitable delays in the germination of research projects and data generation, the omission is striking. The widespread belief seems to be that the questions of work organisation, management control, HRM and labour utilisation, and employee identity and resistance, that animated first-wave research agendas, have been satisfactorily and permanently resolved. What is largely unacknowledged in these accounts is the importance of historical contingency; the technological advances and its ability of reconfigure work and the significance of the temporal conjuncture surrounding the emergence and development of Indian BPO.

A preliminary study (of the period 2009-10) did investigate the initial effects of the crash on Indian BPO (Taylor *et al.*, 2014). It showed how organisations had responded with cost-reduction and efficiency improvement measures, and how employees had experienced, *inter alia*, work intensification, extensified work, harsher discipline and increased insecurity. However, the status of these findings must be regarded as provisional. Due to the fast changing business scenario globally,

⁴ Includes articles by Murphy (2012), Malhotra and Pered (2014), Deery *et al.* (2013), Thite and Russell (2010), Sengupta and Gupta (2012), D.Cruz *et al.* (2012), D'Cruz and Noronha (2011; 2012), James and Vira (2010), Kuruvilla and Raganathan (2010), Das *et al.* (2013), Pereira and Anderson, 2013), Nath, (2011), Vaidyanthan (2012). In one case, D'Cruz and Rayner (2013), the data collection period was not specified. In another, Rowe *et al.* (2013) only one post-crisis interview was included. Monographs are similarly deficient, notably Mirchandani (2012).

applicability of any critical analysis of this sector with reference to a particular time period, location, size and type of organization remains limited. This thesis focuses on the subsequent developments in the Indian BPO sector - namely, extremely competitive market conditions, more aggressive client demands and recovery strategies adopted post crisis - and evaluates work and employment within this context. This thesis undertakes a study that goes further than previous work (Taylor *et al.*, 2014) and examines the extent to which distinctive organisation types within Indian BPO (detailed in Chapter 4, section 4.7.2) and contrasting servicing supply chain relationships (arising out of inter-firm arrangements) have bearing on work and employment in the sector.

1.4 The Empirical Study

The first question this thesis engages with is how organisations within Indian BPO experienced recession and adapted their business models to post-crisis client needs and demands. The second question concerns the ways in which adaptability to the post-crisis client or business needs and demands shaped employment conditions and, in turn, the HRM (people management) practices, and how these might differ in extent and character, according to their contrasting servicing supply chains. The third question shifts the focus to front-line service delivery, asking what the implications might be of these organisations' respective post-recession strategies and management practices for employees' experiences of work in terms of their well-being, work intensity, job security and professional identity. The final research question explores professional identity (PI) of Indian BPO workers⁵ (Noronha and D'Cruz, 2009 a; D'Cruz and Noronha, 2006) to understand whether the business models have influence on its construction and the extent to which it is internalized or accepted by employees.

The exploratory nature of this inquiry necessitated a broad research remit. It involved investigations to understand the macro drivers of changes at contextual level consisting of global forces (economic developments, demographics, politics, technological developments and social developments) and changes at meso-

⁵ A characterization ascribed to Indian BPO workers during the industry's formative period (Noronha and D'Cruz, 2009 a; D'Cruz and Noronha, 2006)

transactional level consisting of market forces (suppliers, supply and demand, distribution, competitors and strategic alliances) to examine micro processes i.e., work and employment outcomes. At the empirical core of this thesis are three contrasting cases of offshoring, two involving third-party outsourcing – an Indian company (*IndianCo*) and a global service provider (*GlobalCo*) and an in-house captive relationship (*CaptiveCo*). These three specific case studies identified through a pilot study are emblematic of wider business conditions and represent three distinctive organisation types and contrasting servicing supply chain relationships (detailed in Chapter 5, section 5.6.1). Through a comparative case study approach and adopting a critical realist perspective, a nuanced picture emerges as the thesis makes a systematic attempt to analyse the variable consequences of respective servicing arrangements for the organisation of work, employment relations and experiences of work. The empirical analysis is informed by insights from the GVC literature (Gibbon *et al.*, 2008), seeking to develop our understanding of how these GVCs constitute the integrative counterpart to the geographical dispersion of services and reconfigured processes and bear consequences for work and employment.

1.5 Overview of Thesis Structure

Chapters 2, 3 and 4 review, evaluate and integrate the available literature necessary to position the study of work and employment in the Indian Business Process Outsourcing sector within the global political economy, value chain theories and labour process. The literature reviewed is organised and presented in a logical sequence reflecting the conceptual thoughts and overall argument. It is divided into three chapters – Chapter 2, Globalized Production and Political Economy of Work; Chapter 3, Theorizing Labour: Chain and Network Paradigms in the Context of Labour Process; Chapter 4, Political Economy of Indian BPO, Inter-firm Arrangements and Employment Dynamics

Chapters 2 and 3 integrate knowledge drawn from the literature on globalisation, political economy, global value chains and network theories, and labour process to emphasize the need to rearticulate the connections between capitalist political economy, inter-firm coordination, dominance, governance across industry

chains and the labour process. In doing so it establishes the need to widen the theoretical landscape of work and employment studies. These two chapters provide the foundation upon which the political economy of Business Process Outsourcing (BPO) and work and employment in the sector can be understood and discussed. Chapter 4 then proceeds to discuss the political economy of Business Process Outsourcing (BPO), emergence and development of Indian BPO, BPO organisation types and business models, and the dynamics of work and employment in the sector.

Chapter 5 presents the research methodology and presents the critical realist approach on which the empirical study is based. The chapter summarises the conceptual framework, the specific research questions and the research design developed to explore the research questions. It then describes the design and data collection methods and the data analysis procedure adopted. It also provides an introduction to the three case organisations and the rationale for their selection. The final section of the chapter addresses the limitations related to methodological approach and data collection.

Chapters 6, 7 and 8 present the findings on post-crisis work and employment in the three case study organizations, *IndianCo*, *GlobalCo* and *CaptiveCo* respectively. These are considered representative of three BPO business models exhibiting distinct ownership structures. For each case, interview evidence from senior management, middle management and frontline employees are presented according to interrelated themes – the immediate impact of the crisis, the adaptability of the business models and recovery strategies, resulting employment conditions and HRM policies and practices, and employees’ experiences of work. These themes follow the logic of the research questions framed for the study.

Chapter 9 synthesizes and compares the case studies and provides a critical bridge to the findings presented in Chapters 6, 7 and 8. It provides comparisons among the three case study organisations in terms of their adaptability to post-crisis client demands and expectations, employment conditions and HRM (people management) strategies adopted and employees’ experiences of work. It highlights how the trajectories of recovery differed due to multiple factors, including the respective organisations’ contrasting positions within their global service supply chains, the

nature of the relationship with clients (external or internal- provider of offshore work) and their sectoral composition. The chapter brings forth the evidence that confirms the immediate impact faced by the case organisations, but the comparative analysis reveals a more complex, evolving picture as clients in specific ways insisted on both continuous cost reduction and quality improvements at the same time, the effects of which manifested in different ways through frontline employees' experiences of work.

Chapter 10 presents a discussion of the theoretical implications of the findings. In doing so, it returns to the research questions made explicit in Chapter 5 (Methodology). It seeks to answer the central questions of the thesis and establishes the thesis' distinctive contribution to knowledge both conceptually and empirically. Conceptually, it establishes the importance of labour process analysis to engage with analysis of inter-firm relationships in transnational servicing supply chains. This extends the parsimonious GVC perspective in making explicit through the contrasting case studies how the inter-firm linkages are embedded within the logics and shifts of global political economy and have implications for labour. The empirical evidence presented reveals how GVCs constitute the integrative counterpart to the geographical dispersion of services and reconfigured processes. The articulation of cost-cutting between lead firm and Indian servicing sites in the BPO value chain is evidenced in work intensification, increased targets and performance management giving rise to job insecurity, issues of well-being and professional identity outcomes evident in the three cases and provides a telling illustration of why an understanding and analysis of labour should be integrated into GVCs and GPNs.

Empirically, the thesis provides a wealth of data on conditions of work and employment in Indian BPO in the changed conditions following the crash of 2007-8 and the Great Recession that ensued and which still remain relatively unexplored.

Chapter 11, the final chapter, reflects on the aims of the thesis to make a wider contribution to understanding conceptual issues surrounding contemporary globalization of production, dynamics of inter-firm arrangements, labour processes and theorization of labour in globalized production, and elaborates on the theoretical and practical contributions. The thesis fits into the wider themes within work and employment of analysing employment relations in a globalized era where production

and services are increasingly coordinated across countries and firms, where labour processes are constantly evolving with new ways of organizing production in the wake of changing global political and economic situations, and resulting inter-firm arrangements and relationships within firms in the value chain having implications for work and employment. The chapter concludes with a discussion of the constantly shifting BPO landscape and direction for future research, including the possible effects of automation in the industry.

Chapter 2 Globalised Production and Political Economy of Work

2.1 Introduction

The aim of Chapter 2 is to position the thesis' exploration of work and employment in Indian Business Process Outsourcing (BPO) within the broader global political economy. Indian BPO is not a set of nationally-bounded activities, and not merely in the most obvious sense of agent-customer telephone encounters. In order to understand Indian BPO, it is important to acknowledge the ways in which it is embedded within the global political economy (Taylor, 2010; Dossani and Kenney, 2007).

This chapter will therefore, firstly present an analytical overview of the main theoretical conceptions (or debates) of globalisation. Secondly, it will discuss the geographical shifts occurring in the global economy due to growing interconnectedness of economic activities and the role of technology that underlies the globalisation of economic activities. This discussion of global political economy would be incomplete without paying attention to the 2007-2008 global financial crisis. The broader political-economic milieu for almost a decade now has been recession which has brought disruptive effects to work and employment on a global scale. The chapter is organized in five sections – 2.2) Conceptualizing Globalization, 2.3) Geographical Dimensions, 2.4) Role of Technology, 2.5) Recession and Global Political Economy, and 2.6) Political Economy and the Labour Process

2.2 Conceptualizing Globalisation

Globalisation has been a prominent and controversial feature of the contemporary landscape. In much of the literature on globalization, the primary focus has been on the “economic and technologically determinist representations” (Amoore, 2002, p. 1) creating populist and optimistic images of globalisation. Globalisation, in these representations is assumed to be a single, universal and homogenising process where state and societies adopt and adapt to global imperatives; states create

competitive and capital friendly environments for Multinational Corporations (MNCs) and firms adopt convergent global strategies of restructuring to create lean production systems and flexible and flat organisations. Workers, as a result are required to absorb and adopt new methods of working that confront them and they “attribute common meanings to the discourses of flexibility” (Amoore, 2002, p. 2) as it is experienced and understood by people in their social and work contexts. It is highly problematic to assume these globalist accounts of work and production that emphasize just the economic power of globalisation, given that the phenomenon is uneven and multilayered and driven by conscious political actions of governments within distinctive national capitalisms (Hirst and Thompson, 1996; Weiss, 1998; Taylor and Bain, 2008). Such globalist accounts of work and production made scholars (e.g. Weiss, 1998; Jones, 1995; Scholte, 2000) contest and counter the “singularity” and “universality” that often surrounds ideas about globalisation leading to divergent conceptions of globalisation with a distinctive epistemological and ontological commitment.

Held *et al.* (1999) developed a threefold typology of perspectives on globalisation – the “hyperglobalists”, “sceptics” and “transformationalists”. According to “hyperglobalists” (Ohmae, 1990, Fukuyama, 1992; Friedman, 2005) economic and political power has become “denationalised” and “borderless” in the face of extensive global forces (p. 3) and is referred to as progressive and socially desirable. Hyperglobalists conceive globalization as a process, where global society is based on a fully integrated market and has an internal logic and predictable outcome. For “sceptics” notably Hirst and Thompson (2002), globalisation has facilitated the implementation of unpopular policies effectively extending the power of the state and it is a myth often overstated for convenience of explanation. They challenge the effects, ubiquity and the sustainability of globalization. “Transformationalists” (Giddens, Scholte, Castells, Wallerstein, Dicken, Held) share the view that globalisation is uneven and multilayered as national governments reconstitute and restructure their power in response. Compared to hyperglobalists, transformationalists take up a much more moderate position in terms of progressivity and outcomes of globalization; however their understanding of globalisation is considered not to be deterministic.

They do not question the underlying influence of globalization on socio-economic trends, but its final effects are considered uncertain.

A second influential typology of perspectives has been advanced by Scholte (2000) who categorized perspectives according to how scholars view the nature of globalisation processes – internationalization, liberalization, universalisation, westernization, and “deterritorialisation” (p. 46). The first four perspectives reduce globalisation to pre-existing processes. However, Scholte’s account of “deterritorialisation” brings globalisation into the realms of society and social relations. Amoore (2002) in this respect draws attention to the webs of power that surround the programme of global restructuring. She emphasizes the need for a typology of perspectives that help us to think about the relationship between conceptions of globalisation and particular sets of interests in framing discourses in production and work, and offers a three-fold typology of perspectives on globalisation – “Process, Project and Practice”. A Process perspective presents an orthodox representation of globalisation where it is considered as the inevitable outcome of the expansionary aims of the global market economy and transborder technology. It is argued that globalisation yields benefit in the longer term with temporary problems during transition. In a similar representation, the Project perspective positions globalisation as a strategy of global capitalism pursued by MNCs, international institutions such as the World Trade Organisation (WTO) or International Monetary Fund (IMF), and supported by government interests resulting in a transformation in production and work. Amoore (2002) also mentions a broad “national capitalisms school” that represents globalisation as rooted in institutions and actions of national authorities which can be shaped by policymakers and institutions of competing nation-states and regions (e.g. Zysman, 1996; Weiss, 1998; Hirst and Thompson, 1996). Such a perspective implies that embedded systems of production and industrial relations have divergent and distinctive national characters in terms of the restructuring of production and work.

The project perspective draws attention to the “elite actors” who contribute to the discourse of restructuring and that globalisation should be analysed in terms of the restructuring done in its name. However, the tensions, contests and conflicts

surrounding the politics of globalisation are ignored or underestimated. The disruption that is associated with the “programme of global restructuring” permeates and enters the everyday lives of the workers and leads to different patterns of compromise, tension and conflict across state-societies (Amoore, 2002). Connecting workplace to world order, industrial relations scholars (Harrod, 1997; Leisink, 1999) revealed that there are concrete manifestations of global restructuring of production in the workplace as established working practices confront demands for change based on some distant and unfamiliar ‘best practice’. This restructuring of working practices creates new patterns of inclusion and exclusion, reinforcing or challenging prevailing social power relations (Amoore, 2002). Hence, it is important to explore the oppositions and tensions of global restructuring that are present in everyday life – for example, the means by which globalized social relations are produced in the daily practices of workers, families or consumers (Davis and Niemann, 2002). Researchers (Moody, 1998; Silver, 2003) have stressed the need to reflect on the concrete everyday experiences of workers in order to make sense of productive working practices (such as *Kaizen* or continuous improvement, Just in time or JIT production, team working, Total Quality Management or TQM) that are central to capitalist social relations. “Viewed from the perspective of everyday life practices, transformations in production and work bring globalisation debate into commonplace experience” (Amoore, 2002, p. 8). Amoore (2002) asserts that manifestations of global change in the workplace require that labour and work be acknowledged in the globalisation debate and further pointed out that international political economy (IPE) had restricted itself to the theoretical and empirical study of the firm and has failed to consider the study of labour and work. The firm or organization actually represents a site of contest as in terms of the relationships between corporate management, shareholders, suppliers, financiers and worker groups. As MNCs started outsourcing their production, work started to take place in different sites or locations which became “invisible” to IPE inquiry. Amoore (2002) proposed that “production and work be considered within and across multiple interrelated layers of restructuring – state societies, firms and workers. Within each of these layers, the restructuring of production and working practices is experienced in diverse ways, varying in its meaning, interpretation and implications” (p. 8). It is suggested that this perspective with significant insights be especially

apposite to the study of the globalisation of business services and can be specifically linked to Indian BPO.

In summary, while popular and orthodox academic representations have emphasized the economic power of globalizing forces, scholars have also acknowledged the contested and politicized nature of globalist dominance. It is believed that globalisation does not exist independently of the meanings that are attributed to it by policy makers, corporate strategists, workers, unions, social groups and citizens. Moreover, the forces of global financial markets, transborder technologies and global production also have differential effects resulting in typical patterns of accommodation and resistance within and across state-societies. The contemporary restructuring agenda of globalisation promotes the discourse of flexibility that compels the state to adopt new policy instruments (Strange, 1996; Porter, 1990), and the flexibility discourse pervades the restructuring strategies of the firms/organisations and everyday experiences of workers (Amoore, 2002).

2.3 Geographical Dimensions

According to Held *et al.* (1999), the term 'globalization' which encompasses culture, politics, and even the environment and can be thought of as the 'widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life' (p. 2), actually threatens to distract attention from the rapid geographical shifts occurring in the world's economic power relations. Globalisation is largely criticized as managerially designed or devised neoliberal propaganda and is also stated in line with neo-Marxist theory (Wright, 2000) as a contributing factor to the fragility of institutional compromises between labour and capital (Thompson and McHugh, 2009). Whatever real world changes the concept of globalization describes, it is hard to ignore that people live in a socio-geographic universe in which the rules of the game are distinctly capitalist. Castree *et al.* (2004) argue 'that however 'global' some social relationships have become, place difference, uneven geographical development and local specificity persist' (p. 17). Castree *et al.* (2004) assert that the flows of people, goods, capital, technology and information are by no means uniform

and they have different implications in different geographic contexts. Though investment, production, management, markets, labour, information and technology are organized across national boundaries, every firm, every economic activity is quite literally, ‘grounded’ in specific locations (Dicken, 2015). Labour is more place-bound and generally far less geographically mobile, a condition that is especially true for female, unskilled and blue collar workers. Labour is spatially and deeply embedded in local communities in distinctive ways (Castree *et al.*, 2004).

The global dynamics of capitalism call for an understanding of the forms of its spatial reorganization and geographical expansion. Globalisation, it can be suggested, is a contemporary version of capitalism's search for a "spatial fix" (Harvey, 1982). Drawing on Harvey's concern with the spatialities and temporalities of capitalism, capitalism is driven by geographical expansion and technological change to achieve endless growth. However, in the process, it seeks to secure and deepen a presence in specific locations as a result of built-up investments over time through the inherent tension between the 'fixity' and 'mobility' of capital at any given moment. Though capital is compelled to destroy the space or the specific location at a later point in order to make way for a new “spatial fix” (new spaces and territories for fresh accumulation of profit) “capital has to build a fixed space (or "landscape") necessary for its own functioning at a certain point in its history” (Harvey, 2001e, p. 25; 1996b, p. 6). This foregrounds the historically contingent location of BPO in India [discussed in detail in Chapter 4].

Harvey (2001) emphasized the importance of “a dialectical, historical-geographical and materialist theory ... [that] deals with totalities, particularities, motion, and fixity in a certain way, hold[ing] out the prospect of embracing many other forms of theorizing within its frame, sometimes with only minimal loss to the integrity of the original” (1996a, p. 9). He described his task as “to construct a general theory of space-relations and geographical development under capitalism that can, among other things, explain the significance and evolution of state functions (local, regional, national, and supranational), uneven geographical development, interregional inequalities, imperialism, the progress and forms of urbanisation and the like” (2001a: 326-7). This way he asserted it is easier to understand and explain “how territorial

configurations and class alliances are shaped and reshaped, how territories lose or gain in economic, political, and military power” (2001a, p. 326-7) and how capital circulates down the spatial paths. Harvey used ontology of internal relations to explore capitalist societies at the expense of detailed concern with specific causal mechanisms and dynamics that can explain extra economic aspects of capital relations i.e., it lacks the focus on the specific causal mechanisms, pursued at increasingly concrete-complex levels of analysis, that connect the circuits of capital to the wider social formation.

Nunn (2005) drew attention to the role of crisis in capitalist development. Over-accumulation that finds expression in over-production, under-consumption, declining profitability and evaluation of fixed capital (Harvey, 1982, p. 195) occurs within the logic of accumulation itself. To contain over-accumulation, Harvey called for (1982; 2003) “spatio-temporal” fixes which involves the absorption of capital in the expansion of commodification and investment in fixed capital, and infrastructure and in ways to enhance labour power over the long term. Such tendencies to offset over-accumulation through temporal fixes require capital hegemony to be embedded in social and institutional structures (Nunn, 2005).

2.4 Role of Technology in Global Economy

One of the most important processes underlying the globalization of economic activity is technological change (Dicken, 2011). Scholars have attributed explanations of global change to technological and market forces. Strange (1996, p. 7) argues that technological change has become the “prime cause of the shift in the state-market balance of power”. Others (Cerny, 1995; Freeman and Perez, 1988) position technology as the driving force of change and assert that maturing technologies erode productivity gains (central to Fordist system) because of which the systems of production then transforms and production and work are restructured. Explosive development of information technology has been viewed to be at the “heart of the flexibilization of both production processes and firms” (Cerny 1995, p. 615). Friedman (2007) argued that the diffusion of digital technologies drove the current wave of globalization. He viewed globalization as primarily the result of technological change.

Diffusion of Information and Communication Technologies (ICTs) resulted in the lowering of prices for many products and services due to innovation and reduced costs associated with doing business. Reduced transportation and communication costs and declining transaction and coordination costs led to higher levels of international trade and investment and reduced the importance of geographic distances; thus, an increase in the trend towards globalisation of economic activity was seen. Friedman (2007) went on to argue that the world was becoming a more level playing field (“flat”) for everyone to participate in the global economy due to the emergence of ICTs. The existence of new technological infrastructure meant that barriers to entry were reduced or even erased. Talented people in developing countries like China and India were suddenly able to compete with people in wealthy countries in the North. The impact was so extensive and deep that countries like the United States had to attune their policies and institutions accordingly.

Amoore (2002) argued that states and societies are consistently positioned as passive recipients of technological transformation. The author further argued that the technologically-driven globalisation process is conceived of as “outside” our immediate experiences (represented as external events decoupled from the realms of political and social life) and as a result are “conveniently and safely insulated from the politics of negotiation, contestation and resistance” (p. 17). There is thus a strong emphasis on the embracing of new and superior technologies in the name of ‘flexibility’ which is understood as the rapid and adaptive responsiveness to exogenous or external or outside pressures. Technological advances thus brings with it new demands for the reorganization of work and adoption of new and flexibilised working practices (Atkinson, 1985). Howcroft and Taylor (2014) in this regard draw attention to the need to understand how technology is being used by employers increasingly for extending surveillance and discipline, organizing work, utilizing labour in innovative ways “restructuring the temporal dimensions of work” which potentially have considerable impact on workers’ lives and their experiences of work.

Although the global economy is said to be characterized by an almost instantaneous flow and exchange of information, capital, and cultural communication (Castells, 2009), Dicken (2015) argues that technological change must not be seen as

determining or causing ‘specific set of changes, making particular structures and arrangements inevitable....choices and uses of technologies are influenced by the drive for profit, capital accumulation and investment and, increased market share’ (p.76). Technology facilitates or enables new organizational and geographical arrangements of economic activities, new products, and new processes while not making particular outcomes inevitable (Dicken, 2015).

Shifting attention to the current wave of globalisation caused by diffusion of digital technologies, Hanson (2008) cautions in respect of the role of technological change and argues that “the information revolution was [a] necessary but not [a] sufficient condition for globalisation ... it is product of a conjecture of technological, political, economic and social forces interacting and reinforcing each other” (p. 152-154).

Spero and Hart (2010) argue that along with the spread of ICTs, progressive construction of liberal monetary, trade and investment regimes by the advanced industrialized nations led by United States (after World War II) is also considered as a necessary cause for globalisation. They assert that it would have been impossible for the current form of globalisation to exist without International Monetary Funds (IMF), G8, World Bank, and World Trade Organisation (WTO, the predecessor of General Agreement of Tariffs and Trade, GATT) propagating liberal regimes for internal trade and investment flows which allowed government of nation states to relax national laws that restricted international flows of capital, goods and services and, firms to use wide variety of internationalization strategies. So the view that globalisation was primarily the result of technological change has been challenged by scholars in the field. Both technological and non-technological factors they argue have played a role in facilitating globalisation.

In continuing to review evidence of factors that enable globalisation, the integration of financial markets has been a key area of economic globalisation (Schmukler, 2004; Stulz, 2010; Lapavitsas, 2011) where information technology has played a crucial role (Mussa, 2000; Lapavitsas, 2011). It made it possible for people around the world to trade foreign currencies, stocks, bonds and other securities on a 24 hour basis. Electronic trading systems removed geographical restraints and

transformed the economic landscape of trading venues (Allen *et al.*, 2001). The creation of electronic trading systems gave investors direct access to markets eliminating the role of intermediaries. It helped develop equity markets, bond markets, commodity futures and derivatives. New structured financial products were created with the help of computing and communication systems; electronic trading systems replaced traditional trading floors, and proliferation of securities markets occurred (Spero and Hart, 2010). Financial institutions became increasingly global in operations and ownership as they realized reduced costs, increased speed of execution and improved efficiency. Bank mergers and acquisitions increased markedly in major industrialized countries (Eatwell and Taylor, 1998). The growing acceptance of the desirability to eliminate capital controls came with the increasing use of technology in financial markets. Capital controls were used to reduce the rapid inflows and outflows of capital that could destabilize domestic economies. To take advantage of the growth and innovation in financial instrument like derivatives and asset-backed securities, many advanced industrial countries deregulated their financial markets to ward off losses in business to competitors overseas (Ferguson, 1998). The financial services industry rose substantially with growth in equity markets and a surge in interbank activities which comprised interbank lending among major economies and outflows from emerging economies to international banks (Galati *et al.*, 2002; Press release by Bank of International Settlements, International banking and financial market developments, 2001) with technology and deregulation playing a major role. The global trend toward liberalization of financial flows, and innovation in deregulated financial markets resulted in opposite outcomes as was evident in the 2007-2008 economic crisis (e.g. with credit default swaps contributing to the economic crisis). According to Stulz (2010), “Financial derivatives in general and credit default swaps in particular enabled an unsustainable credit boom, excessive risk-taking by financial institutions, and even market manipulation. The position of derivatives created a web of linkages across financial institutions and this web made the financial system significantly less safe and forced taxpayers to bail out financial institutions” (p.73-74). In this sense, the technological changes underpinning and facilitating, but not determining globalisation are linked to global financialisation having major implications for the global economy and its activities.

2.5 Recession and Global Political Economy

The collapse of Lehman Brothers in 2008 precipitated a period of global economic crisis where economies experienced substantial reductions in GDP and employment. The crisis has been attributed to deliberate promotion of the interests of finance capital and the causes of the recession lie in malfunctioning and poorly regulated financial networks. van der Zwan (2014) asserts that a “deeper understanding of financialization will lead to a better understanding of organized interests, the politics of the welfare state, and processes of institutional change” (p. 99). While for some the crisis stemmed from financialisation and the dominance of the interests of finance capital (Lapavistas, 2011; Thompson, 2013), other explanations of the crisis have focused on more fundamental dynamics of the capitalist system (Kliman, 2012; Roberts, 2016).

Since the later part of 1970s, often referred to as ‘neoliberal’ or ‘free market era’, the general understanding had been that sustainable economic well-being can be achieved only through development of ‘market societies’ and state reducing claims and interferences in markets (Harvey, 2005). Harvey (2005) argues that this dominant neo-liberal perspective creates unsustainable business model and arrangements that require labour standards to be compromised leading to steady deterioration in the quality of life at work. Increasing evidence in the literature indicates how reliance on market forces to regulate and promote economic activity in liberal market economies have created negative consequences for employment and working conditions (Hannon, 2014). The 2008 economic crisis is increasingly acknowledged as failing to deliver sustainable economic well-being and has required massive interventions from world governments (Rudd, 2009; Buchanan *et al.*, 2014). The economic crisis has confirmed that the market is not an “autonomous domain that needs to be liberated, rather it is a social space that is politically constructed but which then develops its own dynamic. The challenge is to understand the actual business model at work in generating and distributing goods and services” (Buchanan *et al.*, 2014, p. 53) within this politically constructed space.

Heyes *et al.* (2014) argue that though capitalism, in general, is based on the social relation of workers selling their labour power to employers, “understanding the

dynamics of production, distribution and exchange in particular time periods, however, requires that attention be given to relationships between capital, labour and the state” (p. 46). The 2008 economic crisis has highlighted that capital circulates within and between countries and there is deliberate promotion of the interests of finance capital by the state. So it is argued that there is a need to analyse the spatial dynamics (Peck and Theodore, 2007) of financial and industrial capital and pay adequate attention to the role of the state in creating conditions for accumulation of capital. The credit crunch and recession have prompted increased state intervention and researchers argue that it is pertinent to understand the impact on employment outcomes (Hauptmeier and Vidal, 2014).

There has also been widespread condemnation of the investment practices of the financial sector and the role of governments in creating ‘a context in which such practices could thrive’ (Heyes *et al.*, 2014, p. 34). Debates on public policy relating to the future of the financial services sector have followed state action to prevent economic collapse through financial rescues resulting in inflating public debts as private debts were transferred to public hands. These developments have made nation states more vulnerable financially resulting in governments implementing severe austerity measures in developed economies (Meardi, 2014). Popular protests and industrial actions have occurred but have not resulted in a ‘legitimation crisis’ (Habermas, 1988) for nation states. On the contrary, the weakening of labour, it is said has “increased the freedom of the state to attempt to restore accumulation of capital through an immiseration of workers” by exerting pressure on reducing wages, eroding employment protection, weakening of trade unions etc... (Heyes *et al.*, 2014, p. 47). In the wake of the crisis, it can be argued that globalization constrained the policy choices available to national governments. External political and economic pressure created by international financial and political actors (for example the IMF, OECD, capital markets, and institutional investors including private equity firms) in an attempt to restructure economies limited national governments’ or the state’s autonomy in respect to employment and industrial policies and social protection (Hauptmeier and Vidal, 2014). A decade after the initial shock, the signs of the recovery have been tentative and, actually, only limited measures have been taken to create a stricter

regulatory environment for finance while financial capitalism has come to dominate decision making processes of firms. Howcroft and Leaver (2017) observe that the state remains reluctant to regulate “loopholes and legal definitional arbitrages” on which the new economy business models are built.

To take into account the concept of ‘financialization’, studies (van der Zwan, 2014) have tried to understand “how an increasingly autonomous realm of global finance has altered the underlying logics of the industrial economy and the inner workings of democratic society” (p. 99) through the emergence of a new regimes of accumulation, the increase in shareholder value orientation and the financialization of everyday life. According to Lapavistas (2011), corporations or firms have become heavily involved in bond and equity trading in stock markets and have thus become more heavily involved in financial activities on their own account. In this sense they have become more “financialized” and independent from the banks. Lapavistas (2011) further argues that “financialization” has implications for work, employment, and the conditions of life of workers, though research in these areas is limited with some exceptions (e.g. Langley, 2008). Heyes *et al.* (2014) explain how financial capitalism has come to dominate the decision making processes of firms and emphasize the need for research which examines the consequences of “financialized business models” (p. 48) for employment relations at the level of the firms or organisations. Hence, these authors argue for a framework that is conceptually and theoretically equipped to grasp the dynamics of change within and across economies and can answer questions about the nature and fundamental causes of changes in capitalist economies and relations between state forces, capital and labour within and across national boundaries.

Thompson and Vincent (2010) and Vidal (2011) have argued that it is important to locate the restructuring of employment within the context of broader political economic developments asserting the need to move beyond “the internal logic of the labour process” and rearticulate the connections between capitalist political economy and the labour process.

2.6 Political Economy and the Labour Process

Thompson (2010) argued for the need to develop “multi-levelled analyses that can provide credible causal accounts of the relations between changing regimes of accumulation and patterns of change in the labour process within and across increasingly globalized industries” (p. 13). The emergence of ‘flexible’ capitalism, the rise of service based economies, the focus on lean production and services, the emphasis on supply chains and the development of financialized capitalism has been responsible for firms undertaking constant restructuring, seeking ways to reduce cost, and to manage assets to meet capital market requirements. Thompson (2010) argues that management under these conditions is unable to protect workers from the impacts resulting from perpetual restructuring, cost cutting and managing assets, and is mostly not able to sustain the ‘bargains’ made with the workforce. These outcomes for the labour process call for establishing linkages between political economy and the workplace which the Labour Process Theory (LPT) alone is unable to accomplish due to its limited explanatory power in this context.

LPT was developed by Thompson (1989; 1990) on the foundations established by Braverman (1976, 1974) and essentially rooted in Marx’s *Capital*. The fundamental idea of labour process is that it involves the generation of a surplus when the capacity for work (labour power) is transformed into concrete or actual work. The role of labour and the capital – labour relationship are important for analysis. The logic of accumulation that arises from competition between capitalists and between capital and labour compels capital to revolutionize the production of goods and services. The central focus of LPT has been on the nature and transformation of labour power under capitalism where the imperative is to cheapen the costs of labour (Thompson and Smith, 2009). Reducing labour cost under specific conditions may lead to deskilling or it may be achieved by moving into new branches of industry with more skilled labour power and greater innovation to generate surplus. Under changing work contexts and content, employers are forced to seek more intensive utilization of labour power (including accessing tacit knowledge and skills of workers) through emotional and aesthetic labour, the use of normative controls that reward compliance to desired behaviours and attitudes, and, thereby deepening and broadening managerial controls

within and across firms. In this respect, Thompson and O'Doherty (2009) point to the shift in control regimes away from traditional Taylorism, Fordism and bureaucracy towards lean production regimes with managerial focus on indirect, normative controls to cultivate worker identification with company and minimize trade union representation. About lean production regimes, its adoption has been seen as an innovative managerialist solution to improve service quality, create more rewarding jobs with greater autonomy and skill development (Bhatia and Drew, 2007; Radnor and Boaden, 2008) while simultaneously cutting labour costs. A bleak picture emerges when organisations adopt lean production regimes in the face of cost cutting and government spending cuts. Workflow and work processes are reorganised under lean and involves the deployment of management techniques that are Tayloristic in form and the outcomes generated for frontline workers is described as “a negation of humanistic concepts of work enrichment and empowerment” (Cartar *et al.*, 2011, p. 94).

This harsher reality of lean work is not new in itself as the management of contemporary service sector workers is also based on such scientific management principles. In this regard, attention is drawn to integrated systems of technical, bureaucratic and normative controls existing in call centres (e.g. Callaghan and Thompson, 2002; Taylor and Bain, 1999) within a high-commitment, low-discretion model (Houlihan, 2002). Such practices give rise to highly controlled and demanding work environments (increased work load, time squeeze, reduced pensions, work spillover, reduced autonomy) with labour power expected to be elastic to accommodate these demands. Other pertinent debates in this connection are related to organizational discourses and practices of management to bring attitudinal transformation and shape employee identities to create “designer employees” and “corporatised selves” in the context of organizational restructuring and change programs (Casey, 1995). Employment relationships governed by capitalism attempt to close down labour indeterminacy and secure co-operation of labour. However, Thomas and Davies (2005) argue that individuals are not passive recipients of discourses. Organizational restructuring and change programs have led to rampant casualization of labour market, cut backs and the removal of pensions and benefits and have

increased work related insecurity based on a transfer of risk from capital to labour to which worker responses have ranged from resistance to accommodation, compliance and consent. The conceptualization of “resistance as the outcome of structural relations of antagonism between capital and labour” (Thompson and O’Doherty, 2009, p. 105; Taylor and Bain, 2003; Taylor and Moore, 2015) needs to be emphasized to demonstrate that in the conditions of indeterminacy control can never be absolute and is subject to constraint.

The core labour process theory, in essence has been concerned with analysing dynamics of control, resistance and consent thus narrowing its ability and reach to answer questions that emphasize the developments at the ‘point of production’ and issues lying outside the workplace. Critics (e.g. Spencer, 2000) have argued that LPT privileges the agents of capital (for instance, managers, their control strategies), and gives little consideration to value theory and the ‘laws of motion’ of capitalist society. Critics of the limits of LPT (Spencer 2000, Rowlinson and Hassard, 2001; Elger, 2001; Jarros, 2005) drew attention to the need to explore links between the economic laws of capitalism (labour theory of value, the tendency of the rate of profit to fall, tightening of profit margins, reducing labour costs in production process) and workplace outcomes. Workplace based case studies tended to make use of number of types of contextual framing such as circuits of capital, regimes of accumulation and varieties of capitalism. The ‘circuits of capital’ approach was applied in a small number of cases in an effort to “move beyond the internal logic of the labour process” and examine competition between capitals as well as between capital and labour in production (Kelly, 1985; Peck, 1990) but the study of these cases were located inside the immediate conditions of competition. Regulation theory with its concepts of regimes of accumulation in terms of particular patterns of production, consumption, circulation and distribution guided through state-centred modes of regulation, encompassing various institutional structures had limited impact on establishing a link between political economy and workplace. The ‘varieties of capitalism’ (VOC) framework (Hall and Soskice, 2001; Coates, 2000) relied primarily on “stylized typologies of national economies” (e.g. comparative political economy) and had limited explanatory power with respect to labour process dynamics, which are

increasingly embedded within international production networks. Thompson (2010) argues that the focus is too much on variety and not enough on the capitalism.

Thompson and O'Doherty (2009) contend that LPT should not be considered as a discourse but rather be considered as a theory building project offering opportunities to investigate many facets of the politics of production and build a capacity to respond to new empirical conditions and address issues that are conceptually distinctive and innovative. This has prompted studies examining dynamic linkages between political economy and labour process, for example, in civil aviation at firm and industry level (Taylor and Moore, 2015) and in public services examining contemporary back office clerical work (Carter *et al.*, 2011). Given the broader political economic dynamics involved in business process outsourcing, operating at global, sectoral and organisational levels, investigating Indian BPO and its labour process in the post crisis context provides an opportunity to respond to a new empirical condition and in so doing explore dynamic linkages between political economy and labour process.

2.7 Conclusion

Attention has been drawn to the need for LPT to go through “serious integrative theory building” with research programme that maintain continuity with core theory and incorporate a capacity to respond to new empirical conditions (Thompson and O'Doherty, 2009, p. 105; Smith, 2006; Jaros, 2005). Such developments may actually lead to “incremental conceptual innovation” which it is argued are necessary for an understanding of the dynamics of corporate competition, labour markets and mobility. The need is “to develop a credible account of the relationships between capitalist political economy, work systems and the strategies and practices of actors in the employment relationship” (Thompson and O'Doherty, 2009, p. 108). In this regard, Thompson and Vincent (2010) argue that a potential resource for making connections between the labour process and political economy lies in value chain or global production network analysis. In light of this observation, researchers (Newsome *et al.*, 2015) draw attention to the beginnings of a theoretical and empirical

engagement between labour process theory and global value chains and networks. Escaping the limits of national models, value chains emerge as a more developed means of understanding patterns of inter-firm coordination, dominance, and governance across industry chains (Gereffi *et al.*, 2005). Its mechanism of value capture in the chain, Thompson (2010) argues, are potentially well suited to match a radical political economy focus on capital accumulation though it does not help understand production of value in labour itself due its focus on entirely capital-capital relations. The next chapter discusses how the tradition of labour process analysis has adopted Global Value Chain (GVC) and Global Production Network (GPN) frameworks to widen the theoretical landscape in work and employment studies.

Chapter 3 Theorizing Labour: Chain and Network Paradigms in the Context of Labour Process

3.1 Introduction

Chapter 3 focuses on the integration of labour process and value chains for greater theoretical development and conceptual insight into understanding the nature of employment and the experience of work in contemporary capitalism particularly in relation to expansion of global production systems across the world. It aims to develop and render more transparent the interrelationships between the labour process and value chain analysis. Taylor *et al* (2015) note that many researchers working in the tradition of labour process analysis have adopted the diverse frameworks of global value chains and global production networks and have drawn on GVC and GPN concepts to illustrate governance in global chains and networks. Articulation between the broader political economy, capital accumulation, markets, firm-level strategies, labour process, labour power, the workplace and labour's power are important and LPT needs to work at multiple levels of analysis to make the connections between them explicit. Such an approach involves going beyond the capital-labour duality to address the 'connectivity problem' between dynamics of workplace transformation, political economy and shifting regimes of accumulation and in this respect, engaging with theoretical resources and concepts of Global Commodity Chains (GCCs), Global Value Chains (GVCs) and Global Production Networks (GPNs) is considered "consistent and apposite" (Taylor *et al.*, 2015, p. 5).

The chapter begins with discussion of the integrated activities of the global economy and the need to map, analyse and describe these geographically dispersed but integrated systems of production using chain or network theories. It proceeds to review the GCC, GVC and GPN frameworks, respectively, identifying their characteristics, problematics and limitations. Thereafter, it reviews the literature that utilises these frameworks to address labour process theorizing in the context of globalized production. In doing so, it highlights the problematics of "connectivity" (Thompson, 2010) of how the mechanisms of control and workplace transformation are related to

the broader political economy and the significance of understanding power, asymmetry and coordination within and across GVCs and GPNs. It concludes by making reference to call or contact centre research (often conflated with the broader BPO industry in the Global South) and the relevance of global value chain and network theories to deepen understanding of the changing dynamics of this sector and its labour process.

3.2 Global Economy and GCC, GVC and GPN Frameworks

3.2.1 Background

Sturgeon (2009) drew attention to “variety of causal forces at work in the global economy” and stated that the global economy entered “a new phase of deeper, more immediate integration” (p. 111) and exposed national and regional economies to unprecedented economic changes. Dicken (2015) differentiates earlier era of “internationalization”, characterized by the simple geographic spread of economic activities across national boundaries from the current era of ‘globalization’ which is characterized by “functional integration” of internationally dispersed activities. “Functional integration” represents tighter coordination in an expanding set of multinational firms (Zanfei, 2000). In this regard Fuchs (2007) explains that ‘global network capitalism’ or ‘transnationalisation of capitalism’ (p. 49) is based on a transnational organizational model. In crossing national boundaries, organisations and social networks are getting increasingly globally distributed, and “actors and substructures are located globally and change dynamically (new nodes can be continuously added and removed), and that the flows of capital, power, money, commodities, people and information are processed globally at high-speed” (p. 49). With the rise of firms in the global North which had little or no internal production (Gereffi, 1994), reliance on an emergent set of global and East Asian regional contract manufacturers for production grew (Borras *et al.*, 2000; Sturgeon, 2002). Developments such as rapidly increasing industrial capabilities in developing countries, especially in China and India, and real-time integration of distant activities through computer mediated approaches have enabled greater functional integration in the global economy (Sturgeon, 2009). Such developments opened up unprecedented

opportunities for buyers, suppliers, sellers, distributors, contractors, and service provider firms to engage with the global economy and facilitated international trade in many intermediate goods and services that previously had not been sent across borders. However, this has not meant a ‘wholesale transfer’ of economic activity out of developed economies and into developing ones. The set of activities considered important remains rooted in advanced economies even as they have become tightly linked to activities located elsewhere. Firms are however increasingly participating in highly complex cross-border arrangements involving an array of partners, customers and suppliers elaborating and growing cross-border linkages between economies and firms (Gereffi and Kaplinsky, 2001; Gereffi, Humphrey, and Sturgeon, 2005).

At the same time, the pressure arising out of integrated activities in the global economy effected firms and individual workers who hitherto had been insulated from global competition. Extremely complex and rapidly changing milieux increased the sense of economic insecurity for firms and workers alike. The need for policy makers to respond to the pressures of more complex global integration gave rise to the requirement to develop a theory that could explain and predict governance patterns in cross-border production networks so that effective interventions could be crafted aiming to upgrade the position of local workers, firms and industries within global-scale production systems (Sturgeon, 2009). A group of academic researchers (Gibbon, 2003, Gereffi, 1994, 2005; Tewari, 1999; Humphrey and Schimtz, 2001, 2002, 2004; Dolan and Humphrey, 2004; Sturgeon, 2009) with experience in field based observation of cross-border production in a range of industries developed a theory of governance that eventually came to be known as “Global Value Chains”. The goal was not only to create a simple theoretical model that was “robust, relevant and easily applicable to real-world situations” (p. 4) given the policy orientation of the work, but also to ground the theory in the existing academic literature. A coherent body of scholarly research has been able to build academic legitimacy.

With changing geographies of economic activities between the economies of the global North and South, Gereffi and Korzeniewicz’s (1994) study drew attention to the need to map, analyse and describe these geographically dispersed but integrated systems of production. The GCC approach, note Taylor *et al.* (2015), had the “great strength of permitting the highly abstract idea of globalization to be apprehended

concretely in terms of relations organized around tangible commodities” (p. 6). Commodity chain analysis proved attractive in the light of developing countries becoming important sites for basic manufacturing and the “shift to export-oriented industrialization strategies in the South” (p. 6).

An extensive literature on global chains and networks of production (Bair, 2005, 2008, 2009; Coe *et al.*, 2004; Dicken *et al.*, 2001; Dicken, 2011; Gibbon *et al.*, 2008; Gereffi *et al.*, 2005, Newsome *et al.*, 2015) caused widespread dissemination of knowledge of these frameworks and the use of these frameworks into the subject areas of development studies, world systems tradition and economic and labour geography occurred. Bair (2005, 2008, 2009) who provided an account of the genealogy of commodity chains and value chains draw attention to the terminological variation of the acronyms in terms of using the chain or the network metaphor to signify analytical differences and describe “the sequence of processes by which goods and services are conceived, produced and brought to the market” (ibid, 2009, p. 2). However, similarities and overlaps exist at the level of empirical research, and the distinction between the frameworks is not always clear (Newsome *et al.*, 2015). At their core lies their overall capacity to describe and analyse the increasingly interconnected transnational systems of production (Dicken, 2011).

3.2.2 Overview: GCC approach

3.2.2.1 Global Commodity Chains (GCC)

Gereffi’s original framework (1994) lays out four key structures that shape GCCs (input-output, geographic, governance, and institutional) but out of these, the governance⁶ structure, has received the most attention. In early GCC formulations, Gereffi and colleagues focused on different forms of governance and control among the chain participants with powerful or lead firms driving commodity chains. These firms located in advanced economies having created capabilities in developing countries continue to control and guide many of the key industrial resources in the global economy, even those they do not own. In terms of governance, Gereffi proposed

⁶ Governance is defined as “authority and power relationships that determine how financial, material, and human resources are allocated and flow within a chain” (Gereffi, 1994, p. 97).

the binary of Producer Driven Commodity Chains (PDCC) and Buyer Driven Commodity Chains (BDCC) driven by the producer and the buyer respectively. The GCC framework (Gereffi and Korzeniewicz, 1994) thus distinguished between two kinds of lead firms - "buyer-driven" and "producer-driven". Underlying this "seminal" distinction is the notion that "producer-driven" chains dominated by large manufacturing firms (producing cars, complex electronics products, aircrafts) play a central role in co-ordinating production networks and have more linkages between affiliates of multinational firms, while "buyer-driven" chains, more associated with relatively simple products (toys, home goods, apparels), have globally decentralized production networks in a variety of exporting countries, typically located in the "Third World" or developing countries. Production is generally carried out by "tiered networks of Third World contractors" that make finished goods for foreign buyers. It is easier for lead firms in this kind of chain to outsource production whereas dealing with high technology and capital intensive items requires manufacturing knowledge and expertise which cannot be so readily shared making it difficult for producer driven firms to outsource. In the producer-driven chains of technology and capital intensive items, technology and production expertise are core competencies that cannot be revealed to competitors and have to be developed and deployed in-house to closely affiliated 'captive' suppliers.

Buyer driven chains are closely associated with several kinds of interfirm relationship that include the techniques of supply chain management linking large assemblers with small and medium-size enterprises, and construct strategic alliances to create product differentiation techniques to establish prominence in the world market. Competition on the basis of product differentiation and innovation leads to customised, complex exchanges between buyers and suppliers. Their considerable size and the increasing number of suppliers for labour-intensive products tend to create power asymmetries and quasi-hierarchical relationships. In these relationships, global buyers frequently look for new sources of supply as a means of reducing costs and as a result, the capabilities required of suppliers to serve global buyers rapidly escalate (Humphrey and Schmitz, 2000). The buyer-driven variant of GCC focuses on the powerful role that lead firms based in the West play in governance of global production and distribution in light manufacturing industries. They actively help to create, shape,

and coordinate the global value chains that supply their products, and the volume of their purchases afford global buyers a huge amount of power over their suppliers. Buyers often leverage this to specify in great detail what, how, when, where, and by whom the goods they sell are produced. Considerable market power, thus, allows global buyers to extract price concessions from their main suppliers. Suppliers respond by locating more of their factories in low-cost locations and working hard to extract price concessions from their own workers and upstream suppliers (Humphrey and Schmitz, 2000).

3.2.2.2 Limitations of Global Commodity Chains (GCC)

As internationalization and externalization of production through independent contractors and suppliers accelerated, it portended various new forms of inter-firm linkages expanding the field of GCC research. Scholars researching the utility and applicability of Gereffi's governance types emphasized GCC's limitation in capturing the range of governance forms in actual chains. It became increasingly difficult to assign the entire characteristics of Producer Driven Commodity Chains (PDCC) and Buyer Driven Commodity Chains (BDCC) to specific industries in bifurcated manner. The need was felt for an industry-independent, firm-level theory of production network governance. A shift in the organization of global production toward external networks was detected (Sturgeon, 2008) as "outsourcing was breaking over producer-driven chains". With the rise of powerful retailers and efforts on the part of branded manufacturing firms to increase shareholder value, 'deverticalization'⁷ was driven. These companies shifted their fixed assets (such as factories) and risks to an emergent set of suppliers in US and Europe (Sturgeon, 2002; Humphrey, 2003) and to local suppliers in East Asia who could meet, or be taught to meet, the required specifications and use right process technologies and procedures (Gereffi, 1999). Better codification schemes developed (what could or could not be transferred to suppliers), capabilities of the supplier base improved and new digital tools supported global scale functional integration in a wide range of industries (both labour and capital intensive). Due to

⁷ The acceleration of outsourcing in the 1990s signaled the 'deverticalization' of the modern corporation, as defined in the 1970s by Alfred Chandler (1977).

these changes in governance of cross-border production arrangements, greater variation in network types than the simplistic buyer-driven chain was observed. In addition there was a shift in focus to the actors in the chain and their interrelationships, especially in terms of the relative power that some firms were able to exert on the actions and capabilities of their affiliates and trading partners.

3.2.3 Overview: GVC approach

3.2.3.1 Global Value Chains

Engaging features in the governance of global-scale economic activity required key variables in cross-border chain governance to be re-conceptualized. A more dynamic view of chain governance was adopted in terms of the ways that firms coordinate, or ‘govern’ the linkages between chain activities to capture value (Sturgeon, 2009). The theory of global value chains, a second iteration of the GCC framework, derived from the growing interest of scholars in studying global production arrangements and the assessments of the governance forms proposed in Gereffi’s GCC framework. In GVCs, questions related to inter-firm or transnational (as opposed to ‘whole chain’) governance assumed greater importance (Ponte and Sturgeon, 2014). According to Gibbon *et al.* (2008), GVCs constitute “a set of inter-sectoral linkages between firms and other actors through which ... geographical and organizational reconfiguration has taken place” (p.318). GVCs are considered to be integrative counterpart to increased geographical dispersion and differentiation between places and actors. Gereffi *et al.* (2005) identify five generic ways for firms to coordinate, or govern the linkages between value chain activities using three independent variables – 1) Complexity - knowledge and information complexity, 2) Codifiability - the degree to which this information can be codified and transmitted easily between parties within the supply base and 3) Competence - competence of the supplier. The five governance forms based on these are - 1) simple market linkages, governed by price; 2) modular linkages, where complex information regarding the transaction is codified and often digitized before being passed to highly competent suppliers; 3) relational linkages, where tacit information is exchanged between buyers and highly competent suppliers; 4) captive linkages, where less competent suppliers

are provided with detailed instructions; and 5) linkages within the same firm, governed by management hierarchy.

In terms of governance, the focus was on the immediate dyadic links in a value chain (Bair, 2008) that is, the mode of coordination prevailing at a particular link. Explicit coordination and power asymmetry between exchange partners increase as the value chains move from hierarchy to market. According to Sturgeon's (2009) analysis of GCCs and GVCs, the GVC governance framework has the explanatory power to expound the reasons why chain activities are firmly rooted in place and some are more easily relocated. While modular linkages in the GVC increase the potential for tight coordination of distant activities, even when complexity is high, relational linkages typically "require co-location" so that exchange of tacit information can be facilitated. Furthermore, value chain governance patterns can be altered in predictable ways with changes in one or more of the three variables. For example, modular value chains can become more relational when new technology renders an established codification scheme obsolete or increases the complexity of information transmission to overwhelming proportions. In cases where competent suppliers cannot be found, captive networks and even vertical integration become more prevalent. Contrariwise, as supplier competence increases it tends to drive captive governance more toward the relational type and better codification schemes facilitate modular governance (Sturgeon, 2009).

While the "governance" function within Gereffi's GCC framework captured variation in the ways that firms organized their cross-border production arrangements, GVC scaled down the concept of governance from a characteristic of an entire chain to description of the mode of coordination prevailing at a particular linkage. This description included how activities are bundled in one linkage of the chain or split among various linkages, where the linkages are located and how is knowledge, information, materials passed from one linkage to another. Sturgeon (2008) states that the GVC "is not a grand theory of globalisation or economic development" (p.15) but is a "modest theory" of linkages that seeks to explain or predict how links in a value-adding activity are related in the spatial economy where the linkages may be within the same firm or between firms located across any spatial scale, from local to across great distances regionally, nationally or globally. The intra-firm linkages acquire a

distinct character depending on how the element of managerial control operates within the linkages.

3.2.3.2 Theoretical underpinnings of GVC governance framework

The question of governance arises when some firms in the chain work according to the parameters set by others. In this context, firms are required to transmit information about parameters and enforce compliance through governance structures which becomes more prominent in the case of outsourcing and offshoring. According to Humphrey and Schmitz (2001) governance refers to inter-firm relationships and institutional mechanisms through which non-market coordination of activities in the chain is achieved. The theory of GVC governance was constructed by drawing from the literature of transaction cost economics, from inter-firm governance and from strategic management. According to transaction cost economy (van der Meer-Kooistra and Vosselman, 2006), outsourcing is only desirable as long as the costs of related asset specific investments ('asset specificity'), contractual incompleteness (by the producer or supplier) and search efforts are lower than the expected cost advantage. In the case of outsourcing, it is often linked to specialization, that is, to management theories focusing on the firm's core competences. The argument (Olsen, 2006) is if offshoring enables a firm to relocate its relatively inefficient production processes to external providers with cheaper and perhaps more efficient production capabilities, the firm can turn its focus to areas where it has a comparative advantage and can expand output, or might engage in new business activities. However, as per transaction cost economies, governance by buyers is costly, requiring asset-specific investments to build relationships with particular suppliers. Such investments increase the rigidity of supply chains as cost of switching suppliers rise (Humphrey and Schmitz, 2001). Asset specificity⁸, the key variable in transaction cost economies, tends to increase over the life of an inter-firm relationship as buying firms internalize the function to avoid being

⁸ Asset specificity is the degree to which assets needed for the transactional relationship are not transferable to other activities or relationships. Assets can be transaction-specific in terms of their location, physical characteristics (including processing ability), or human capital (expertise). Assets are classified as specific if they have higher value within the transactional relationship than for other uses. In BPO low asset specificity indicates that assets required for the process do not have to be tailored to a given transactional relationship. Low asset specificity leads to low interdependence between the client and the vendor while higher asset specificity leads to higher interdependence, sometimes involving joint investments.

taken advantage of ('opportunism') (Williamson, 1981). Opportunism implies that parties will exploit the relationship even to the point of misrepresentation. Williamson (1985) in terms of minimizing opportunism acknowledged networks as an intermediate organizational form where there is some form of explicit coordination beyond simple market transactions, but which fall short of vertical integration. The opportunistic view of human nature underpinning transaction cost economics was challenged by Granovetter (1985), who viewed economic activity as embedded in social relationships. He draws attention to a 'relational' view of economic activity where trust and goodwill building up in the inter-personal relationships underlie inter-firm relations, and thus he suggests that inter-firm relationships can be sustained in the face of asset specificity. Johanson and Mattsson (1987), Lorenz (1988), Jarillo (1988), and Powell (1990) all drew on this work "to argue for a distinct "network" form of industrial organization, based on trust, long-term relationships, social and spatial proximity, and the desire for repeat business on the part of suppliers" (p. 13). Bair (2005) points out that relational GVC governance form created a connection to economic sociology that GCC could not.

Adler (2001) mapped out three types of industrial organization: market, communitarian/trust, and hierarchy. Also influential in the development of GVC governance was a stream of literature from the field of strategic management that focused on the concept of firm capability and learning. Drawing from the 'resource view of firms' (Barney, 1991) examination of firm-level competencies or 'dynamic capabilities' (Teece *et al.*, 1997) provided a pragmatic view of industry organisations based on access to expertise and competencies as motivation for maintaining external relationships. Firm-level competencies can be scarce and difficult to replicate and lead firms might find it difficult to substitute suppliers in time to compete effectively. This view challenged the 'mechanistic' and 'frictionless' view of organisational change contained in a transaction cost framework.

Sturgeon (2008) argues that the current approach to GVC was developed by combining the key insights derived from these different streams of literature. He further states that asset specificity was identified as a potential barrier to inter-firm relationships as it was found that managers valued the ability to switch suppliers when required. However, it was also found that in the face of asset specificity companies

tended to develop sustained relationships with other firms. Codification of extremely complex information using advanced information technology was also observed with lead firms choosing among an elite but growing set of suppliers who had sufficient capability to receive the information and act on it appropriately. Situated between market and hierarchies, three network forms were conceived – the captive governance form, the relational governance form and the modular form. The first, captive governance form (“hierarchy like,”) typified lead firms dominating their suppliers’ business to an extent that they were unlikely to act in opportunistic ways. The second, relational governance form typified buyers and suppliers maintaining relationships in the face of asset specificity, either by building up mutual trust, or by simply maintaining the relationship out of necessity because internalization was difficult due to learning or scale. The third, modular form typified buyers and suppliers reducing asset specificity by passing information in codified form, while keeping tacit knowledge contained within each firm. However, Humphrey and Schmitz (2000) note an increase in quasi-hierarchical governance in developing country production systems particularly in retailer governance. This governance type is characterized by a high degree of control of buyer over supplier; the buyer defines the product as the buyer would incur losses from the suppliers’ performance failures. Humphrey and Schmitz (2000) provide further illustration. In the context of buyer driven chains, wholesalers and retailers in search for low-cost production sites integrate less competent producers or suppliers into the global supply chains. Yet the need to create product differentiation in increasingly competitive global market from less competent producers and suppliers requires greater coordination between buyer and supplier giving rise to network and quasi-hierarchical relationship. This requirement also implies that where high supplier competence is not generalised, buyers invest in specific suppliers and seek to tie them to their chain. However, investing in specific or particular suppliers in the long run tends to build asset specificity which in turn makes switching suppliers difficult due to the cost involved (Humphrey and Schmitz, 2001).

3.2.3.3 Variation in GVC governance

Sturgeon (2009) proposes that all linkages within a chain or industry do not have the same character and so, characterizing all transactions within the chain according to one of the five ideal GVC governance types, is not possible. As chains are comprised of multiple linkages they might contain multiple governance forms (Ponte and Gibbon, 2005). Characteristics of single link in the value chain may not be representative of the characteristics of links in other parts of the chain. As a result governance patterns in different parts of the chain can be variegated and may change over time. Thus, Sturgeon (2008) argues that “the organizational character and economic geography of entire industries, or even of a single value chain, cannot be read from the characteristics of value chain linkages” (p. 17).

Another nuanced observation discussed in this context is the extent to which firms and industries respond to the changing GVC variables and this is influenced by institutional factors and relative firm power. Even as the variables of complexity, codifiability, and supplier competence change, value chains can retain old linkage mechanisms which could be due to firms being slow to adjust or due to established norms of buyer-supplier relationships as a result of institutional differences. However, the factors of GVC governance that helps to set the parameters of value chain coordination result in a melange GVC governance forms within industries, value chains, firms, and even single establishments. For example, a lead firm for standardized goods will typically forge market relationships, while, for complex transactions, will forge modular linkages as standards for exchanging codified information exist. Realizing that complex inputs are impossible to specify in advance and knowledge cannot not be easily internalized, the same lead firm will establish relational linkages with some select partners, whereas dominate smaller suppliers and form captive linkages when suppliers can be provided with sufficient knowledge to provide needed inputs. How these linkage types are constructed, mixed and managed and how the value chain activities are managed, states Sturgeon (2009), are key elements of corporate strategy. He argues that using a single, empirically prevalent GVC governance type to characterize entire industries could be misleading given the complexity of industries and the wide variation in governance patterns in different stages of the value chain and geographic locations. Sturgeon also emphasizes the need

for research on the evolutionary dynamics of value chain governance in specific industries and identifies it as a critical and necessary step.

3.2.3.4 Power relations in governance structures and upgrading

According to the view that global value chains take on inter-firm linkages, lead firms play an important role in determining how financial, material, and human resources are allocated and flow within a chain (Gereffi, 1994) and “undertake the functional integration and co-ordination of internationally dispersed activities” (p. 41). Governance structures are defined in the chain by authority and power relationships. Power conferred on lead firms is viewed in the light of their buying role or purchasing power. Humphrey and Schmitz (2000) draw attention to the fact that the interaction of producers and suppliers with global buyers tend to take place in the context of a very uneven relationship with scope for this relationship to change over time. Value chain analysis is concerned with production distribution systems that are geographically dispersed. As more producers and suppliers from developing countries are integrated into the global markets they face increasing competitive pressures to maintain and raise their income. They either increase the skill content of their activities and/or move to niche markets, which have entry barriers and are insulated to an extent from these pressures. These authors argue that in this context, global lead firms or buyers play an important role in determining the upgrading opportunities for the producers irrespective of where they are located. It has been emphasized in the global value chain analysis that producers or suppliers learn a great deal from global buyers about how to improve their production processes, attain consistency, improve quality, and increase the speed of response to meet buyer demands for more sophisticated products (Gereffi, 1999; Schmitz and Knorringa, 2000). Suppliers and producers, as a critical part of their upgrading strategy acquire new functions that generate higher incomes and cease to perform low income activities. Humphrey and Schmitz (2000) refer to three types of upgrading – process upgrading, product upgrading and functional upgrading. Process upgrading is about transforming inputs into outputs more efficiently by re-organising the production system or introducing superior technology. Product upgrading refers to moving into more sophisticated product lines, and in functional upgrading, suppliers

and producers acquire new functions to increase the overall skill content of activities. Schmitz and Knorringa (2000), Humphrey and Schmitz (2000) argue that upgrading or progression for supplier and producers in the value chain may be difficult as power relations may inhibit upgrading and limit knowledge flows within the chain when upgrading tend to encroach their buyers' core competence.

Chains involving developing country producers and suppliers are characterized by co-ordination arrangements (detailed specifications, how much to produce, how fast to produce, what quality to produce) that seek to minimize total production and transaction cost. Humphrey and Schmitz (2000) note asymmetry in power between buyers or lead firms on one hand and suppliers and producers on the other hand. Suppliers' limited competence and dependence on buyer or lead firms gives rise to "quasi-hierarchical" relationships (Humphrey and Schmitz, 2000). Typical of "quasi-hierarchical" relationships are: 1) specifying the characteristics of the product to be produced, and specifying the processes to be followed and the control mechanisms to be enforced 2) close monitoring and supervision of supplier production and management processes (Dolan and Humphrey, 2000), and 3) a trend to reduce "time to market" (time pressure). Developing country producers and suppliers find themselves increasingly in quasi-hierarchical value chains controlled by global buyers which mean dealing with unequal power relationships (Humphrey and Schmitz, 2000). In illustrating the upgrading implications for suppliers and producers in this type of value chain, the Humphrey and Schmitz (2000) describe how global buyers or lead firms contribute to both process and product upgrading of local producers and suppliers but also place limits on functional upgrading and market diversification (moving into higher value activities). The authors further explain that rapid enhancement of product and process capabilities take place for the producers and suppliers and developing country firms are able to export into markets, which would otherwise be difficult for them to penetrate. It is argued that developing country firms, however, become tied into relationships with large buyers or powerful lead firms that prevent functional upgrading (moving into higher value activities) and leave them dependent on powerful buyers. Relationships with exclusive buyers in some cases prevent them from diversifying their customer base. The limits to functional upgrading might be temporary in a "quasi-hierarchical chain" as power is relational and chain

governance is a dynamic process. Power relationships might change as existing producers/suppliers acquire new capabilities and explore new markets. This optimistic view, however, depends on the strategic intent of the firms involved. It requires intra-firm investment in equipment, organisational arrangements, and the combination of capabilities and people for substantial upgrading to take place.

It is also stressed that the linkages that powerful firms forge with the most important suppliers set the character of governance for the entire chain and upgrading opportunities vary with the way chains are governed (Sturgeon, 2009; Humphrey and Schmitz, 2000).

Adding to the GVC governance literature, Ponte and Sturgeon (2014) underscore the role of powerful companies who place large orders in their value chain and thus exert “buyer power” to influence governments and international organisations. They argue that the idea of governance in GVCs is based on the “strategies” and “practices” of “specific actors” and thus its relevance lies in “examining concrete practices, power dynamics, and organizational forms which give character and structure to cross-border business networks” (p. 200).

3.2.3.5 Limitations of GVC

The baseline assumption in GVC literature is that various types of transnational, inter-firm networks have become the central features of a wide range of contemporary industries that are global, complex and dynamic (Henderson *et al.*, 2002; Dicken, 2011, 2015) and GVC emerges as a tool that provides the “richness” to ground the analysis of contemporary global industries.

The GVC can, however, be criticized for excessively narrowing the analysis of the chain dynamics to dyadic linkages in a value chain (Bair, 2008). In doing so, it neglects how the linkages in the chain are embedded within the logics and shifts of global political economy (Palpacuer, 2008; Werner and Bair, 2011; Taylor, 2010b) and also does not provide understanding of the development of power asymmetries across chains with increasing numbers of actors in distant locations. Value chains when sliced-up may have significant implications for governance, affecting the power

relations between the actors located distantly. Its greatest weakness lies in its neglect of labour as a source of value and as an object of chain dynamics (Taylor *et al.*, 2015).

3.2.4 Overview: GPN approach

The GPN approach shares GVC literature's baseline assumptions that various types of transnational, inter-firm networks have become central features of a wide range of contemporary industries (manufacturing, agriculture, services). However, GPN claims to restore a larger analytic picture, and conceives of global production activities as highly complex networks of intricate horizontal, diagonal and vertical links (Henderson *et al.*, 2002), of economic activities instead of vertical or linear sequences. These production networks are believed to be deeply influenced by the socio-political contexts in which they are embedded. GPN theory seeks to restore the "territorial" dimension of the specific locations comprising the nodes of global networks. It is emphasized that institutional and regulatory contexts and non-firm actors, such as the state, also shape the dynamics of production systems. While GVC theory considers the formulation of value as value-added, GPN has been concerned with value capture and creation. Central to GPN analysis are three conceptual categories – how value is created, enhanced and captured, how power is created and maintained within production networks and how agents and structures are embedded in particular territories (Henderson *et al.*, 2002). Henderson *et al.* (2002, p. 447) developed a comprehensive list that includes the spatial organization of firm-level networks, power-in-the-chain, institutions, labor, and the determinants of value capture. Thus the GPN approach draws strength from its broader scope, "multi-level scalarity", its spatial sensitivity, and in its endeavor to comprehend the dynamics of and complexities of power relations between and among firm and non-firm actors (Taylor *et al.*, 2015). Moreover, the framework also acknowledges the importance of labour among the territorial factors that give GPNs their structure that shape the consequences for both global and local actors. Despite being broader in scope, the GPN approach has been criticized for not being able to fully deliver on the claims made by its proponents. Some consider it as a 'totalizing theory' lacking explanatory bite (Taylor *et al.*, 2010b) or in Thompson *et al.*'s (2015) words "a theory of

everything” indicating that the approach is too expansive. It is notably under-researched in its consideration of labour which is mainly viewed as a commodity and its centrality is rarely acknowledged (*pace* Taylor, 2010b) despite being assumed to be intrinsic to the production process (Coe *et al.*, 2008).

Despite the GCC, GVC and GPN frameworks being regarded as a loosely integrated tradition (Gibbon *et al.*, 2008), the differences in terminology and emphasis signify contrasting intellectual orientations, methods, approaches and objects of study (Bair, 2005) though they may share the common objective of describing and analyzing the expanding and increasingly interconnected transnational systems of production (Dicken, 2011). Newsome *et al.* (2015) encourage researchers to work with the framework that “most appropriately suited their analytical purposes” (p. 8). Sturgeon (2008) asserts that debates over the relative merits of terms and metaphors, such as global commodity chains, global value chains, global production networks, and chain governance will continue, and the chain metaphor will be used as a “heuristic tool”. He envisaged that the core research agenda will focus on organizational and spatial structure and dynamics of industries, the strategies and behavior of major firms and their suppliers, and development of conceptual tools that can facilitate easy movement from local to global levels of analysis. These commonalities, he claims, of the core research agenda will cut across these chain and network paradigms.

3.3 Labour Process in the Context of Globalized Production

Scholars have highlighted the importance of integrating labour into the analytical frameworks of GCC, GVC and GPN and use these perspectives to understand the nature of employment and the experience of work in contemporary capitalism (Newsome, 2010; Newsome *et al.*, 2013; Taylor, 2010b; Flecker and Meil, 2010). In this regard, contributions in Newsome *et al.*'s (2015) edited volume *Putting Labour in its Place* make an attempt to understand how GCC, GVC and GPN frameworks can address questions of labour process in the context of globalized production. The emphasis is on the significance of understanding power, asymmetry and coordination within and across global value chains and production networks to establish how constant restructuring and transformation taking place in the workplace,

and new mechanisms of control are related to broader political economic developments. Research on global value chains has recently focused on analysis of issues related to work and employment as restructuring of value chains and production networks have an impact on the quality of work and employment emanating from wage differences between countries, difference in working hours, and differences in health and safety regulations (Haidinger *et al*, 2014).

Firms are undergoing incessant restructuring and adopting relocation strategies, and GPNs are constantly evolving creating spatially variable divisions of labour (Smith and Meiskins, 1995) which, in turn, are transforming existing places of work or are creating new ones. Emphasis on the points of production or service delivery thus becomes important for analytical validity. “Factory regimes and the labour process [are] particularly dynamic and variegated” (Smith and Meiskins, 1995, p. 261) mainly in terms of cross-national variation in management style, industrial relations and technological capability. The problematic for capital to overcome labour indeterminacy becomes more magnified as chains or networks are stretched across space. The mechanisms of control used or adopted by lead firms to transform labour power in and across the geographically distant workplaces is an important research question to explore. Recent research provides evidence of the variability of workplace control and contingency of work organization. Contrasting strategies of management control were identified in two variants of the offshored Indian IT industry (Feuerstein, 2013). Pawlicki (2013) identified a mix of autonomy and control strategies used by a German software engineering firm at its nearshore site. Taylor *et al* (2015) argue that this kind of evidence challenges the notion of industry wide uniformity and dominance of a single type of workplace regime.

Also, the causal connection between macro level political economy and the labour process at the micro level of the workplace can be articulated through the meso level of GVC coordination and GPN networks that Taylor (2010b) referred to in his study of globalized call centres. Rainnie *et al.* (2011) stressed the need for labour process analysis to engage with analysis of inter-firm relationships, value creation and capture to understand the contrasting mechanisms used for leveraging surplus and ensuring creation of value which Gibbon *et al* (2008) and Taylor (2010b) argue are missing from value chain theory. In the field of work and employment studies, such

an articulation involves much more than focusing on capital-labour duality and involves drawing labour process implications from macro and micro mechanisms of global capitalist system, spatial arrangement/distribution of production and global dispersion of labour. This relates to the “connectivity” problem that Thompson and Smith (2009, 2010) raise about the dynamics of core labour process theory (management control strategies, labour indeterminacy, wage-effort bargain, worker responses) and its embeddedness within the wider framework of changing global political economy containing “internal logics” (Kelly, 2010, p. 171). The “internal logics” governed by capital’s intention to maximize profit require constant restructuring of production processes, ever-decreasing turnover time, constant intensification of labour, and new technological, regulatory and spatial arrangements of production. Given the “connectivities” involved in the global capitalistic system, Newsome *et al.* (2015) draw attention to the surprising absence (*pace*, Taylor *et al.*, 2014) of research work that directly engaged with the labour process, work organization and workplace consequences of 2008 economic crisis and subsequent recession. It also raises serious questions about how the linkages in the global value chains or networks are reconfigured and have consequences for coordination and governance in the chain having implications for the workplace and the labour process.

3.4 Conclusion

The aim of this chapter has been to discuss the convergence between two bodies of work – GCC/GVC/GPN frameworks and labour process. Overall, the research work undertaken so far in integrating labour process and value chains (Taylor *et al.*, 2015) has developed and rendered more transparent the interrelationships between core labour process theory and global value chains/production networks. Bair and Werner (2015) map the literature on GPN and labour and identify two main streams. The first perspective views labour as an object and documents effects of global production arrangements on conditions of employment and its outcomes for particular groups of workers. The second perspective views labour as an agent and examine the role workers play in shaping GPNs, individually and collectively. However, the authors criticize both the perspectives for “network essentialism” and

argue that the complexity of the capitalist world economy cannot be reduced to the network configurations in GVC and GPN literatures. In this regard, Thompson *et al.* (2015) argue that rather than considering them as “all encompassing”, these are meso-level frameworks that “privilege grounded industry-level analysis that can more effectively link macro (CPE) and micro (workplace) relations” (p.62). The adoption of the GVC/GPN frameworks in analyzing labour process and the approaches to labour (object or agent) taken depends on the key research questions motivating the enquiry.

This thesis builds on the attempts to integrate the position of labour and labour process analysis with value chain and network theories and focuses on empirical examination of labour process in the reconfigured political economy of the Indian Business Process Outsourcing (BPO) sector. To understand this sector the dynamics of political economy, technological innovation, spatial and locational dimensions and qualities of labour are necessary to be integrated in the analysis as Taylor (2015) argues in his discussion of the changing global call/contact centre sector landscape. The call/contact centre is often conflated with the broader BPO industry in the offshore geographies of the Global South (e.g. Mirchandani, 2012). Given its global dispersion and the considerable attention paid to the new international division of labour centred principally in India (Taylor and Bain, 2005; Dossani and Kenney, 2007; Poster, 2007; Noronha and D’Cruz, 2009 a, b,; D’Cruz and Noronha, 2006, 2008; Russell and Thite, 2008; Russell, 2009; Mirchandani, 2012), it builds the case for drawing on from the GCC, GVC and GPN frameworks to deepen our understanding of the transnational call centre and BPO value chain (distinctive BPO configurations, nature of linkages with suppliers and its influence on the forms of governance) and its implications for the call centre and BPO labour process.

Chapter 4 Political Economy of Indian BPO, Inter-firm Arrangements and Employment Dynamics

4.1 Introduction

Chapter 4 proceeds to discuss the political economy of Business Process Outsourcing (BPO), emergence and development of Indian BPO, BPO organisation types and business models, and the dynamics of work and employment in the sector. The chapter follows the logic of theoretical development which commenced with Chapters 2 and 3 that explored the nature and drivers of globalisation, then detailed the characteristics of the theories of GVCs and how they form an integrative counterpart to the geographical dispersion of services and reconfigured processes. This chapter seeks to establish how the GVCs can be implemented for a more effective conceptual framework for understanding globalized services and thus can be used to analyse transnational BPO service chain. The chapter also returns to the thesis's point of departure that is, the importance of historical contingency, the significance of the temporal conjuncture surrounding the emergence and development of Indian BPO. Indian BPO is not a set of nationally-bounded activities and is embedded within the transnational flows of capital, technology and knowledge, within global value chains and global production networks (Lakhani *et al.*, 2013) and in this sense is an adjacent phenomenon. The very decisions on whether to offshore, on what processes or services to offshore and at what volume, to what suppliers and subject to what sourcing relationship (in-house, outsourced) are taken at corporate level by organisations headquartered in the developed world. In the process, complex, integrated and constantly evolving transnational divisions of labour are established, around which global servicing supply chains are constructed. Thereafter, the chapter undertakes a critical engagement with themes in the literature on work and employment in Indian BPO that foregrounds this thesis.

The chapter begins with a general discussion of growth in the service economy and increased relocation of jobs to distant locations to benefit from labour cost advantage. It then progresses to discuss the attention paid to service work in value

chain research due to increasing empirical evidence of externalization and outsourcing of service functions. This is followed by a section on Information Technology enabled Services leading to the advent of call centres. The rest of the chapter engages in a discussion on the development of Indian BPO, critical review of different academic literature on Indian BPO and the need for an effective conceptual framework to understand such globalised services. The chapter is structured under following headings – 1) The Growth of Service Economy, 2) The Relocation of jobs – offshoring and outsourcing, 3) Services value chain and employment dynamics, 4) Information Technology enabled Services (ITeS) and advent of call centres, 5) Emergence of India as an offshoring destination, 6) Indian ITeS-BPO industry - (i) Nature of work and services offered, (ii) Types of BPO organisations, (iii) Work and employment, 7) Conceptualizing Indian BPO, and 8) Conclusion

4.2 Growth of Service Economy

Globalisation has affected all facets of the world economy including services. In most economies, services are the single largest contributor to economic growth and employment, and make an important contribution to GDP. It makes significant contribution to job creation, and provides crucial inputs for the rest of the economy, having a significant effect on the overall investment climate (OECD, 2008). Trade in services has been growing at a pace faster than trade in goods since the 1980s (UNCTAD, 2012). Services sectors defined by the WTO cover business services, communication services, construction and related engineering services, distribution services, education services, environmental services, financial services, health related and social services, tourism and travel related services, recreational, cultural and sporting services, transport services and others (World Bank, 2010). In the 2008 financial and economic crisis, it has been reported that trade in services has demonstrated relative resilience in terms of lower magnitude of decline, and earlier recovery from the crises (UNCTAD, 2013). Such resilience has led many countries to incorporate services trade into their post-crisis national trade and growth strategies. As the importance of services continues to grow (Cali *et al.*, 2008), the old dichotomy between product and service is replaced by a service-product continuum with virtually

every product having an integrated service component. This development has created an increased importance of the service sector in industrialized economies.

The service economy is also key to growth in developing countries (OECD, 2008). Cali *et al.* (2008) document the role of the service economy, and record that services constitute over 50% of GDP in developing countries. Service trade is the new frontier for developing countries and least developed countries (LDC) to enhance their participation in global trade (UNCTAD, 2013). The service economy in developing countries is mostly concentrated in financial services, hospitality, retail, health, human services, information technology and education. India, the Philippines, South Africa and Mauritius have experienced rapid growth in IT services, such as call centers, back-office functions and software development (Cali *et al.*, 2008).

A service is defined as “an economic activity that adds value either directly to another economic unit or to a good belonging to another economic unit” (Hill, 1977, p. 317). The defining feature of services is that there is a requirement for direct interaction between producers and buyers or consumers (firms or households) before the service can be rendered. The need for producers and consumers to interact for a service to be rendered influences how international transactions in services are conducted. If a service producer in one economy has the desired capabilities, then a consumer resident in another country must somehow interact with the producer to acquire those services. According to international models of economic trade, services have been called “nontradable”. This is because high international transactional costs (measured in time, distance, coordination) prevented close proximity between a buyer and seller deemed necessary for the service activity to take place. However, dramatic advances in electronics and telecommunications technology have slashed the distance barriers between countries and lowered the costs of interacting across borders as a result of which delivery of services remotely has also become possible. Accounting, engineering, research, software development and other services are routinely performed at locations distant from the purchaser (Hufbauer and Warren, 1999). According to the basic economics of the global market, there are forces that determine competitiveness of service industries in different countries. According to standard comparative advantage variables, a particular country’s competitive advantage lies in supplying the inputs that are necessary for producing a service. For example, India has

developed a competitive advantage in services offshoring that began with the software services exports, because of the availability of skilled but comparatively cheap workforce (Dossani and Kenney, 2007). Also, locational and geographical advantages make particular countries competitive in the production of selected services. Firm-specific strengths further help build international competitiveness, for example, providers of financial services in London, Frankfurt, Hong Kong and New York owe their excellence to a tradition of innovation among top firms (Hufbauer and Warren, 1999). The competitive process emanating from globalization inspires firms to minimize costs – 1) in terms of capital inputs, there is increasing pressure to reduce the quantity of financial capital (equity and debt) utilized per unit of output; 2) in terms of labour costs, there is increasing pressure to keep labour cost to the lowest. Companies will thus relocate production (of goods or services) where the unit labor cost is the lowest.

4.3 Relocation of Jobs – Outsourcing and Offshoring

In the above context, it is important to consider the influence of liberalization and deregulation policies of international regulatory bodies such as European Union, WTO (GATS - General Agreement on Trade in Services in particular) in formerly nationally controlled or monopolized sectors (Hermann and Flecker, 2012). Liberalization and deregulation policies i.e., the lowering of trade barriers increased competitive pressures across geographic markets and made companies face price competitions. Farrell (2004) argues that the emergence of new market players constantly forces organizations to look for opportunities to adopt cost efficient business models. Thus, Western organizations have been under constant pressure to devise strategies to reduce cost and improve efficiency of operations due to the emergence of new market players and significantly benefitted from labour cost advantages by outsourcing and offshoring (Aksin and Masini, 2008). Factors such as wage differences between countries, difference in working hours, differences in health and safety regulations influence the decision to relocate business or are the drivers of work relocation in labour intensive sectors. When companies find viable options to national resources and rules by having access to resources or rules in the global system,

sectoral or corporate arrangements may become decoupled from the national production system (Haidinger *et al.*, 2014). Relocation of jobs and processes to external providers within the country or to an international location then emerges a common business phenomenon. As a result there has been growth and expansion of new industry segments providing outsourced services at lower costs in areas such as information technology, call centres, cleaning, logistics (Newsome *et al.*, 2015). The process is facilitated by GATS making provision for easier formation of transnational production networks and for their strategic expansion through labour mobility and free capital flows. Strategies of externalization are actually achieved through making use of regional, historical ties with the countries where work is outsourced (Haidinger *et al.*, 2014). Overall, the interplay between three factors - namely, technological advances, economic and competitive pressures to reduce costs and improve productivity, and institutional developments favouring trade liberalization - led to contracting out business activities to foreign providers (Olsen, 2006).

Contracting out business activities to external providers (outsourcing) is not a recent phenomenon as it had emerged already in the late 1980s and early 1990s with the contracting out of tasks related to customer services which has since moved to a broader range of activities including engineering, software development and other tasks requiring high-skilled human capital (Olsen, 2006). The term “offshoring” is often synonymously associated with “outsourcing” but neither implies the other. Whereas outsourcing refers to the relocation of jobs and processes to external providers regardless of the provider’s location, offshoring refers to the relocation of jobs and processes to any foreign country without distinguishing whether the provider is external or affiliated with the firm. Outsourcing may therefore include job relocations both within and between countries, whereas offshoring refers only to international relocations. The term ‘offshore outsourcing’ therefore only covers the relocation of jobs or processes to an external and internationally located provider. Relocation of work across regional and national borders has given rise to an increased interest in understanding the connections between globalizing processes as embedded in the production networks and value chains of transnational companies and regional development in specific territorial formations (Coe *et al.*, 2004; Levy 2008).

4.4 Services Value Chain and Employment Dynamics

With production processes no longer necessarily remaining confined to national economy, the geographic reorganization of production gave rise to vertical disintegration of transnational companies leading to lengthening of value chains, and spatial divisions of labour that came to be known as the new international division of labour (Dicken, 2015; Oluwafemi, 2012; Barney, 2010). Since then there has been an increase in research interest in relocation of work across regional and national borders and analysis of issues related to work and employment.

Service sector activities recently have gained attention in value chain and network research as there is increasing empirical evidence of it being subject to value chain restructuring (Haidinger *et al.*, 2014). The sector has received increased attention from researchers (Flecker and Meil, 2010; Newsome, 2010; Thompson *et al.*, 2013; Flecker *et al.*, 2013; Haidinger *et al.*, 2014) as externalization and outsourcing of service functions have increased. In various industries, the generic business functions such as specialized accounting, human resources and information technology service provision, including call centres (Huws *et al.*, 2004; Marchington *et al.*, 2005; Batt *et al.*, 2009b; Taylor 2010b) have been restructured into value chains and networks of service provision that traverse organizational and national boundaries. In this context, researchers draw attention to the broader political-economic dynamics driving offshoring (Taylor *et al.*, 2014; Messenger and Ghosheh, 2010; Taylor, 2010a; b; Dossani and Kenney, 2007) and highlight the importance of global economy to be understood as a complex, deeply integrated system, in which production chains are dynamic and there is ‘constantly evolving spatial divisions of labour’ (Smith and Meiskins, 1995, p. 261). It emphasizes the need to integrate and situate the service work and its labour process within dynamic political economic contexts at global, national, sector and local levels and within organizational context of the firm (Taylor, 2010b). It is important to understand that it is the broader underlying changes associated with liberalisation, privatisation and de-regulation (Harvey, 2005) that are driving global servicing and not just the revolution in ICTs (Castells, 2009), the transformative role played by transnational corporations, and the sharply competitive sectoral markets in which companies operate (Harvey, 2005).

This vertical disintegration of business has led to the emergence of a flexible service economy wherein lead firms subcontract part of the work to third-party firms. As a result, increasing number of workers is no longer directly employed by the organization they work for but are employed by third-party firms giving rise to “fragmented employment relations and working conditions” (Flecker, 2010). This process of subcontracting allow companies (lead firms) to tap the lower end of a segmented labour market and access workers who may be vulnerable in terms of employment protection and wages. Companies may decide to even stretch activities across borders by offshoring as has been documented in studies of call centres (Taylor and Bain, 2005; Russell, 2009; Taylor, 2010a; b). The literature documents the negative consequences of such business arrangements and have described value chains in general as “risk flexibility transfer chains” (Frade and Darmon, 2005) citing cost cutting and risk spreading as main reasons for contractual outsourcing and spatial relocation that result in extension of precarious employment. Grimshaw and Rubery (1998) had noted that outsourcing led to deterioration in employment conditions for employees within supplier/provider organisations. Labour processes come under the control of both the employer and the employer’s client organization (Marchington *et al.*, 2005, Rubery, 2006) and service providers pass on time and cost pressure at the expense of their employees’ pay and standards of work. Production processes are segmented because of these externalization strategies of inter-organizational contracting. With ‘extended hierarchies’ in inter-firm networks (Thompson, 1993), jobs may be moved to locations that have no or less favourable collective agreements negotiated by different unions (Batt *et al.*, 2009b). Flecker (2010) found that in outsourcing, the receiving sectors generally have less institutionalized industrial relation systems and as a result are less likely to be covered by sectoral collective agreements. By means of outsourcing and (or) offshoring, employment protection is bypassed by having labour not covered by the original sectoral employment regulations which leads to increased disparity in distribution of wages and working conditions within a sector.

It is also important to mention that employment conditions at the other node of the chain from where decision to outsource work is taken also deteriorate. Threats of outsourcing and offshoring of business services to cheaper locations has been used

as means to (de)regulate workplace conditions. It is reported that workers, in spite of the stability of institutions for example, in coordinated institutional contexts with sectoral level agreements have taken in pay cuts, reductions or unpaid increases in working time in exchange for job security guarantees or to just retain their jobs (Taylor and Bain, 2008; Meil, 2009; Flecker and Meil, 2010; Haidinger *et al.*, 2014).

However, there is evidence that when services are outsourced and offshored for technologically complex products, for example, software development and information technology services that affect the higher skilled end of the labour market, optimistic views claim (Lane, 2008) that opportunities are offered for new ways of working, less hierarchy, more access to gaining knowledge, and for self-development which however has to be considered cautiously in the light of some recent work (Thompson *et al.*, 2015; Bergvall-Kareborn and Howcroft, 2013). In the next section, while maintaining continuance with global outsourcing, the focus is narrowed to Information Technology enabled Services (ITeS).

4.5 Information Technology Enabled Services (ITeS) and Advent of Call Centres

Contemporary globalization has been facilitated by a shift in industrial organization, from “Fordism,” based on mass production of manufactured goods, to “post-Fordism,” based on information commodification. Advances in technology (Dicken, 2011) have not only reduced transportation costs considerably, but more importantly, facilitated the development and rapid dissemination of information (Dicken, 2011). The incorporation of ICTs (Information Communication Technologies) allowed for changes in how work is to be done, where it is to be done and how it is to be managed. Due to the immense potential of the use of ICTs in the workplace it is felt that any work that can be digitized and communicated via fibre-optic cable is capable of being outsourced (Russell, 2009; Taylor and Bain, 2005). The ‘distant shrinking’ technologies thus allowed for a ‘spatial divorce’ between production of services and the markets they are directed towards. At the same time, Teece (2010) observed that “open global trading regimes” and “new communications and computing technology” made “supply alternatives more transparent” (p. 172) to

the customers and gave customers more choices. Technology allowed for the lower cost provision of information and customer solutions, and amplified the need for businesses to be not only customer-centric but also capture value from providing new products and services. Thus, rapid growth of information communication technologies has had enormous economic impacts on transforming work processes, organisational structures as well as on ways of communication. In this respect, Teece (2010) draws attention to the significance of business models and exploring its connection to business strategy.

Large parts of the economy have become digitized and it has enabled business activities to be conducted in entirely new ways, as well as across large distances (Dicken, 2015). This has opened possibilities of trade in a variety of services that were traditionally non-tradable. Olsen (2006) also noted that opening of markets at both global and national levels caused a growth potential in offshoring activities. Moreover, due to the significant size of the services sector in the Western economies, an increasingly broad range of tasks has been exhibiting offshoring potential. There is an entire gamut of operations which exploit information technology (IT) for improving efficiency of an organization and are called the Information Technology enabled Services (ITeS). Some of the most important areas where IT enabled services have been deployed are call centres (telemarketing, helpdesk, customer support centres), medical transcription, medical billing and coding, back office operations, revenue claims processing, legal databases, content development, payrolls, logistics management, GIS (Geographical Information System), HR services, web services.

The relative spatial freedom, albeit that there are diverse locational controls, provided a powerful stimulus to cost economizing logic that reinforced the advent of call centres in the first place. A call centre is a specialized office where employees (also known as agents or customer service representatives) provide information, deliver services, and conduct sales to distantly located customers using combination of integrated telephone and information technologies. The overall aim is to enhance customer service while reducing organizational costs (McPhail, 2002). Call centres require their employees to be skilled at interacting directly with customers while simultaneously working with sophisticated computer-based systems that dictate the pace of their work and monitor its quality (Deery and Kinnie, 2004).

Initially the locational decisions to establish new call centres were made on the basis of cost savings that particular national locations had to offer in terms of rents, taxes, and above all, wage norms (Richardson and Marshall, 1996; Bain and Taylor, 2002; Richardson *et al.*, 2000; Richardson and Belt, 2001). These factors led to the clustering of info-service providers often in regional areas such as North-eastern England, Scotland, Ireland, and US Midwest where the unemployment rate was above average (Russell, 2009). Despite ‘distant shrinking’ technologies, the extent of geographical dispersal remained limited as call centres were located in ‘home base’ countries with transnational operations situated within the major regions of the developed economies, particularly North America and Western Europe.

There is widely acknowledged contradiction that ‘imbricates’ call centre work. It is infused with two logics – the customer – oriented logic (Korczynski, 2002; Frenkel *et al.*, 1999) and the cost - reduction logic (Batt and Moynihan, 2002; Bain *et al.*, 2002; Taylor and Bain, 2001). The customer –oriented logic holds an optimistic perspective on interactive service work, where authors see analytical skills and knowledge processing as key activities of ever – growing complexity in front – line work and call centre agents are portrayed as creative, empowered, knowledge workers, who have the freedom of choice and judgement in their work. Taylor and Bain (2005) point out that according to this account, “customer participation is decisive, generating variable responses and placing strict limits on the degree of standardization” (p. 263). Against this “virtuous account of relational, customized work” (p. 263), there is broad consensus on the cost – reduction logic while recognizing and acknowledging heterogeneity (Bain *et al.*, 2002; Batt and Moynihan, 2002; Houlihan, 2002; Taylor and Bain, 2001; Thompson *et al.*, 2004; Bain and Taylor, 2000; Taylor and Bain, 1999, 2001; Callaghan and Thompson, 2001). Emphasizing the cost – reduction logic, these authors repeatedly refer to the rise of Taylorized, ‘production line centres’, extensive control mechanisms and analyse monitoring, scripting, output measurement and qualitative assessments of operators’ performance.

Driven by this cost-reduction logic, companies in the West have engaged in massive restructuring processes to identify standardized, routinized workflows that can be relocated to even more distant locations of convenience that provide strongest cost advantages, that is, less developed economies (LDCs) (Taylor, 2010a; Dossani and

Kenney, 2007). However, Taylor (2010a) points that it is not only cost imperatives that are considered for choosing a location for outsourced work but other locational prerequisites include availability of labour with required attributes such as linguistic ability, cultural understanding, communication skills and technical capability along with advantages gained in terms of flexible regulations, accommodative institutions and infrastructural facility. The last decade of the millennium saw dramatic increase in offshoring activities motivated by the drive to cut operation cost, focus on core competencies, and speed to market and to stay globally competitive (Gupta *et al.*, 2010, Farrell, 2004). Lead firms based in the liberal market economies such as US and UK sought to exploit the massive labour cost arbitrage that prevailed between developed and developing countries (Taylor, 2010b; Russell, 2009). Consequently, call centre jobs started migrating away (offshored) from developed economies to less developed economies at distant locations and ‘info-service work’ began to be conducted in globalised markets through the establishment of offshore contact/call centres (Russell, 2009). However, the very decisions on whether to offshore, on what processes or services to offshore and at what volume, to what suppliers and subject to what sourcing relationship (in-house, outsourced) remained at corporate level of the lead firms headquartered in the developed world. It is rightly argued that technological development, enabling the movement of service work to different geographical locations, notably, in developing economies is inexplicable without reference to broader political and economic environments (Ellis and Taylor, 2006) in terms of global capitalist expansion and competition, and deregulation, restructuring and financialisation of markets.

4.6 India’s Emergence as an Offshoring Destination

India started receiving a significant chunk of these workflows and emerged as a niche market to serve the growing interests and requirements of the developed economies (Taylor and Bain, 2005). Companies looking to reduce cost unbundle their corporate functions such as human resources management, customer support, accounting and finance, and procurement operations and offshore these activities (Gospel and Sako, 2008). This reduces the burden of support activities and allows

companies to focus on their core business. According to Taylor and Bain (2003), and Saxena and Shah-Bharadwaj (2007) the origins of the ITES-BPO industry in India began in the mid-1990s with GE, American Express and British Airways establishing captive back-office processing operations with the objective of realizing substantial cost savings and escaping the tight, overheated labour market in the growing US economy. GE and others, who expanded their operation in India, by providing not only back office but also voice services for their internal customers, became hugely influential in shaping the development of third party service providers in India. Growing numbers of US companies seeking to cut costs and maximize profits outsourced their business process to India which led to the growth of call centre culture in the country. It is reported that GE's culture and practices were disseminated throughout the Indian call centre industry through a breed of GE trained managers. As the economic downturn in the US took hold, a growing number of companies considered cost reduction through outsourcing and offshoring to India. So far India's insertion into the global economy as a principal remote destination for low cost voice and business services has depended upon client demand from lead firms based in the two largest English-speaking LMEs (Liberal Market Economies) particularly the US and the UK. In 2009, 50 percent of the business services in value terms delivered from India originated in the United States and 22 per cent in the United Kingdom (NASSCOM, 2009, p. 64). It is the level of demand from lead firms in the developed countries that determines the scale of employment and shapes the organization of work and management practices to be followed in the Indian BPO.

In this context, researchers also draw attention to the significance of place-based or "territorial" factors in shaping working conditions, employment relations and in generating perceptions of work. The dynamics of national and city-wide labour markets, national government policies, HRM challenges (including attrition), levels of skill and education (including linguistic and cultural capabilities), working times and hours and Indian socio-cultural environment (Cowie, 2007; Das *et al.*, 2013; D'Cruz and Noronha, 2012; Noronha and D'Cruz, 2009b; Sengupta and Gupta, 2012; Taylor *et al.*, 2009) are important 'territorial' factors. Besides cost reduction and profit maximization, labour availability, the skills and education of the workforce, ability to extend customer contact hours and achieve synergies across global operations have

been found to be the frequently reported reasons for migrating services to remote locations such as India (Taylor and Bain, 2003a; Russell, 2009). According to a recent industry report, India accounts for 52 per cent of the global sourcing market in 2013 (up from 50 per cent in 2011) employing 876,000 people maintaining a key position in the global sourcing landscape (NASSCOM, 2013). Offshoring and outsourcing to India have provided companies around the world with significant benefits in terms of labour arbitrage with annual cost savings of 40 – 50 per cent for the lead firms (D’Cruz and Noronha, 2010, p. 63). India is said to have the largest offshore skilled labour/talent available at low cost across all offshore destinations (Russell, 2009). It is said that offshoring largely follows the contours of linguistic and cultural compatibility, arising from the legacy of empire and colonialism. Taylor (2010b) has also drawn attention to the greater ‘historical perspective’ and ‘contextual depth’ required in understanding that the Indian industry’s genesis, development and structure are distinct and it cannot be assumed that the sector developed in broadly similar ways across advanced and recently industrialized countries. Howcroft *et al.* (2012) argue that in India’s case the colonial background and the English-speaking middle class have served as important factors that helped to minimize the potential language and cultural barriers between the Western contractors and the Indian vendors.

Not only labour arbitrage but facilitating government policies, educated workforce, deregulation of telecommunications industry and India’s IT – Software services industry which is much widely recognized in the world also played a role in India’s emergence as a principal remote offshore destination of choice for low cost voice and business services (NASSCOM, 2013; Messenger and Ghosheh, 2010; Gupta *et al.*, 2010; Dossani and Kenney, 2007; Thite and Russell, 2007, 2009; Taylor and Bain, 2005; Greene, 2006).

Central government’s policy in India had a significant bearing on the Indian ITeS-BPO industry. Taylor and Bain (2006a) in their report illustrate how Indian government’s process of embarking on economic reform in the early 1990s and commitment to liberalization, privatisation and globalization (LPG) has been significant in opening India’s doors to overseas investment and reducing import tariffs. India received initial stimulus from the International Monetary Fund (IMF) to embark on the liberalization process but IMF imposed strict conditions on the government to

open its market to foreign investment. However, India remained committed to the World Trade Organization's (WTO's) agenda of liberalization. Central government took a policy approach to systematic disinvestment and privatisation in 1999 and set up Ministry of Disinvestment which gave further boost to government's disinvestment programme.

The ITeS-BPO industry has been identified as a key source of economic growth and foreign earnings. According to NASSCOM (2010), the IT-BPO sector and employees contribute USD 4.2 billion to the exchequer in addition to making high contribution to country's GDP and share of exports (p. 8). Deregulation of the telecommunications industry and the labour market and establishment of Software Technology Parks and Export Processing Zones provided much needed impetus for the rapid expansion of this industry. State governments too have played significant roles to attract ITeS-BPO companies to their regions by extending financial assistance and tax exemptions. Under pressure from both NASSCOM and the Indian Merchants Chamber, the Labour Department of the government of Maharashtra relaxed regulations preventing women to work in night shifts. Liberalization of 'Shops and Establishment Act' that prevented women from working at night, by the state government of Karnataka was also a step towards deregulation of labour. State governments have increasingly been asked to intervene to deal with difficulties that companies face in relation to the recruitment, retention and training of call centre agents. NASSCOM (National Association of Software Companies) which "is the apex body and umbrella organization for the IT software and services industry in India" (NASSCOM, 2003a, p. 13) is involved in extensively disseminating industry knowledge, research and promoting both the IT/software and ITES-BPO industries internationally. It plays a key role in representing the industry's interests with the government. For example, from 2003 call centres in India are fully exempt from the payment of service tax due to successful lobbying by NASSCOM. Government implemented the Finance Bill and under the new tax regime, Business Auxiliary Services were exempted from paying service tax which had a direct impact on call centres as they are a part of Business Auxillary Services' segment.

It is also pertinent to mention here that the Indian government has been under constant pressure to find ways to combat the massive unemployment problem in the

country. It has been reported (Auer and Jha, 2009) that though employment increased by around 2.89 per cent during the periods 1999-2000 and 2004-05, higher growth in the labour force resulted in an increase in the unemployment rate over the corresponding period. The estimated number of unemployed persons had increased from around 7.5 million in 1993 to around 11.24 million in 2004-05 with employment growth witnessed only in some sectors. Despite increased literacy levels, India faces youth unemployment as a major challenge. Young job seekers make up to 49 per cent of the total unemployed in India (Sinha, 2013). The Planning Commission of the Government of India (GOI), in its 11th Five Year Plan (2007–2012), also concludes that the Indian economy has failed to create sufficient volume of additional high-quality employment to absorb the new entrants into the labour market (Sinha, 2013). It is in this respect that the Government policies in India have facilitated and promoted economic activity of the nature such as growth of BPO services sector which represent employment generation on a significant scale especially for the college graduates the industry employs (Thite and Russell, 2009).

The sustained expansion of Indian BPO during the early millennium is evidenced by employment levels (Table 4.1). This data shows also the precipitate decline in rates of growth following the 2008 crash and then modest recovery from 2011.

Table 4.1: International Facing BPO/M and Call Centre Employment in India–2002-2015

Year	BPO/M Employment	BPO/M Growth Rate %	Call Centre Employment	Call Centre Growth Rate %	Call Centre as % of BPO/M employment ⁹
2002	107,000	n/a	69,500	n/a	65
2003	171,000	59.8	111,150	59.3	65

⁹ Percentages have been extrapolated from industry (principally Nasscom) reports and research undertaken by Taylor. P (2003-2011) and Roy. C (2011-2016).

2004	216,000	26.3	129,600	16.6	60
2005	316,000	46.3	183,280	31.4	58
2006	409,000	29.4	229,040	25.0	56
2007	553,000	35.2	304,150	32.8	55
2008	704,000	27.3	380,160	25.0	54
2009	738,000	4.83	391,140	2.89	53
2010	770,000	4.34	400,400	2.37	52
2011	835,000	8.44	417,500	4.27	50
2012	879,000	5.27	439,850	5.35	50
2013	917,000	4.32	458,500	4.24	50
2014	990,000	7.96	470,250	2.56	47
2015	1,030,000	4.04	489,250	4.04	45

Sources: Nasscom (2002a,b; 2003a,b; 2004a,b; 2005a,b; 2006; 2007; 2008; 2009; 2010; 2011; 2012; 2013; 2014; 2015; 2016; Nasscom-McKinsey, 2005; 2009; Taylor and Bain, 2003; 2006; Taylor and Anderson, 2008; 2011)

The workforce in the Indian BPO is projected as educated and youthful with majority of agents being young college graduates in the age group of 21-25 (Taylor and Bain, 2005, Kuruvilla and Ranganathan, 2008; Russell, 2009). It has been reported that the workforce is composed roughly of equal numbers of men and women and are employed on full-time (Batt *et al.*, 2005; D’Cruz and Noronha, 2006; Budhwar *et al.*, 2006 a, b) contracts with very limited use of casual staff. The greatest concentrations of ITeS-BPO operations and call centres are found to be in large metropolitan cities in India. Besides India’s National Capital Region (Delhi, Gurgaon, Noida) and the largest business and commercial city, Mumbai, other bigger cities like Bangalore, Pune, Hyderabad, Chennai, Kolkata have emerged as hubs of Indian BPO operations. In

future, Indian BPO companies might chose to spread their operation in more dispersed locations to smaller towns to tap into cheaper and newer pools of labour, avoid overheating of the labour market in the bigger cities and take advantage of the state government incentives and grants. According to NASSCOM-McKinsey (2005) “cities are at breaking point, and further growth will have to come from entirely new business districts outside of T1 (Tier 1) and T2 (Tier 2) cities” (p. 16).

4.7 Indian ITeS-BPO Industry

Business Process Outsourcing (BPO) that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider is a direct result of business process re-engineering whereby firms decide on what activities to undertake themselves based on their core competencies and outsource the rest, either by setting up their own ‘captive’ centres offshore or enter into strategic agreements with third-party service providers around the world to lower their transaction costs or improve synergies (Thite, 2008). The third-party service providers in turn may set up onshore, near-shore or offshore centres depending on where they could foresee maximizing the synergies (Srivastava and Theodore, 2006). In the Indian “info-service” (Russell, 2009) context, these services come under the umbrella of Information Technology Enabled Services – Business Process Outsourcing (ITeS-BPO). BPO which is distinguishable from software or IT work (Dossani and Kenney, 2007; Taylor and Bain, 2005) encompasses both voice (call centre) services and back-office activities of varying complexity, ranging from routinized data processing to higher-order analytical workflows. Greene (2006) reported that nearly 70 percent of India’s business process outsourcing revenues come from call centers, 20 percent from other types of high-volume and low-value data work, and the remainder consisted of higher value added services. The proportion of call centre work however, has declined from 65 per cent of Indian BPO (NASSCOM, 2002) to around 50 per cent (NASSCOM, 2010), as the relative importance of back office activity has grown within an expanding industry. There are increasing indications and reports recently of Indian BPO companies turning to focus on non-voice work and scaling down of ‘voice’ business (Messenger and Ghosheh, 2010;

Arun, March 2013; NASSCOM, 2013). This thesis considers employer perspectives, and employee experiences of both voice and non-voice segments.

Though the Indian ITeS-BPO sector includes both call centres (voice) and back offices (non-voice), most research has examined call centres, greatly neglecting back offices except for few (Noronha and D’Cruz, 2007, 2008; D’Cruz and Noronha, 2010; Taylor *et al.*, 2014). The back-office has surfaced less frequently in the academic discourse. However, Howcroft and Richardson (2012) have focused on this neglected aspect of IT-enabled service (ITeS) work in general. As firms are continuously required to respond to the forces of contemporary capitalism by undertaking restructuring and reconfiguration, the back office service work has been identified as suitable for this. Their study reveals how skilled back office work is reframed as routine service work through standardization where tasks are fragmented, quantified and lifted out of traditional organizational structures and placed elsewhere, or outsourced to third-party service providers, “problematically rendering people and place ancillary” (p. 111).

4.7.1 Nature of work and services offered

In general, the nature of work in this sector is ‘customer services’ in both voice (call centre) and non-voice (back office) segments. Call centres or voice work involve voice interaction or direct telephone contact with customers to provide services related to routine insurance claims, directory enquiries, ticket fulfilment, debt recovery/reminders, telemarketing/sales, out of office hours calls, and technical support through IT helpdesk. Researchers (in the various studies mentioned above) have found that call centre agents normally handle inbound customer service, sales and customer service, inbound technical support and customer service, and outbound sales, telemarketing or telesales and collections. Taylor and Bain (2005) identified the call types that are offshored by Scottish/UK companies as mostly overflow, out-of-hours calls related to basic customer services. Back-office or non-voice work includes data entry, medical transcription, application processing, billing and collections, loans and mortgages, insurance claims, travel planning and bookings, preparation of invoices, payments, mail support, web design, and does not involve much voice interaction with

customers. D’Cruz and Noronha (2010) in their large survey of both call centre and back-office employees across five Indian cities, report of back-office employees working in variety of processes and back-office respondents in their study interacted with customers through email, via web pages and also over the phone.

Kuruvilla and Ranganathan (2008) report of HR outsourcing ‘service line’ experiencing rapid growth which typically comprises payroll and benefits administration, travel and expense processing, and employee communication services. In addition, there are growing ‘medical and legal transcription’ service lines. Frontline employees confront on-going changes in product and service offerings, pricing and packaging, legal regulations, work methods, and technical processes. Thus, they need to regularly upgrade their knowledge and skills in order to serve customers well (Batt *et al.*, 2005). Recently, knowledge process outsourcing (KPO) which combines IT with knowledge embedded in software has also been included under the ITES umbrella. According to Kuruvilla and Ranganathan (2008, 2010) this new ‘service line’ involves high skilled work in the financial sector (e.g. analysis of financial data, management of foreign commodity accounts), medicine (creating medical education databases and doctors desk reference guides, reading and analysing patient X-rays), printing (pre-publication of scientific journals) and remote education (such as providing math tutorials to US school children). Accurate categorization of BPO work in India is difficult due to variability in ‘service lines’ that keeps getting added to the list. Greene (2006) defined the first wave of business process services as business processes that could be electronically transmitted and consisted principally of “entry level, low paying jobs” (p. 5). Greene (2006) identified such tasks as voice and email processing, pay roll, computer helpdesks, credit card collections, account reconciliation and transcription. Though Indian ITeS-BPO offers both low end and high end services to a number of different industries or, to use the industry terminology, ‘verticals’, the largest ‘service line’ has been reported to be the one offering routine customer care and support services engaging two thirds of the industry’s employee base (Taylor and Bain, 2003a; Kuruvilla and Ranganathan, 2008, 2010). The reason could be that low end services in BPO involves less capital investment and are more labour intensive (Sundharan, 2013). With low cost English speaking college graduates readily available

in large numbers in the Indian labour market, catering to such a labour intensive industry apparently pose no challenge.

4.7.2 Organization types in the ITeS-BPO industry

For companies seeking to engage in offshore outsourcing to India, a variety of ownership structures or engagement models are possible such as establishing an in-house 'captive' operation or engaging in some form of contractual relationship with a third party service provider. Based on the various relationships that exist between the company which migrate its services and the overseas operation which performs those services (Taylor and Bain, 2003a) there are different organization types in the Indian ITeS-BPO market. According to Levina and Vaast (2008), MNCs generally establish in-house operations, also known as captive centres in locations where there is a large availability of skill and talent at lower labour cost than in the client company's country of origin (Levina and Vaast, 2008) and India continues to be a predominant location in this regard. These are actually multinational companies' wholly owned subsidiaries in India to cater to their internal requirements where the companies directly own and run their Indian operations and employees working in these captive centres are considered as employees of the MNCs. Organizations like American Express, Standard Chartered, Dell, HSBC, Morgan Stanley, Hewlett Packard, Barclays, BNY Mellon have their in-house operations (captive centres) in India catering to the internal requirements of the respective companies. This engagement model (captive centres), according to the claims made by Penter *et al.* (2009) and Levina and Vaast (2008), "offer[ed] advantages for higher order offshore BPO classified as 'knowledge services'. These advantages they argued arose from "higher levels of relationship quality, trust and collaboration and from facilitating knowledge capture and transfer" (p. 219). Greene (2006) reported that captive partnership model offered companies long-term cost savings and high management control over their operations. The risk of disrupting business continuity was reported to be low and this model of offshore outsourcing ensured high data security. However, due to high initial set up costs and lead time required to make transition to offshore outsourcing, this model suited large companies that needed to operate on huge scales. Despite the potential advantages this

model offered, Oshri, Kotlarsky and Liew (2008) identified this organizational type as the least researched BPO engagement model.

Many companies or lead firms choose to also transfer or outsource services to a third party service provider in India who then operates those services on the clients' (lead firms') behalf. In this type of outsourcing arrangement, companies or the lead firms assume direct managerial control through the third party service provider. A third party service provider serves either specific or multiple sectors and has several clients (lead firms) to cater to, and may serve customers both domestic and foreign. The third party service providers are medium to large establishments and operate services across multiple sites in India and abroad. Among the third-party service providers, there are Indian owned third party firms such as TCS (Tata Consultancy Services), Wipro, EXL Services, Aegis, GTL Limited, Infosys to name a few and global service providers like Convergys, who are third party providers from developed countries operating in developing countries using these as platforms for lower cost service exports (Fernandez-Stark *et al.*, 2011). It is important to mention here that Indian service providers also include established Indian software or IT companies that have invested in the ITeS-BPO industry either by establishing their own operations (Infosys, HCL, Syntel) or acquired third party providers (Wipro's takeover of Spectramind). Indian owned third-party firms continue to dominate the industry in terms of numbers (Greene, 2006). Among global third party service providers, normally known as "global business process outsourcing majors" (NASSCOM, 2004a), there are focused pure BPO providers and there are BPO providers who are spin off of large global corporates. These large global corporates also include global IT players like Accenture, EDS, IBM who entered the BPO scene and developed their BPO wings or arms or acquired Indian BPO service providers (e.g. IBM-Daksh, now known as IBM Global Process Services) and sharpened competition within the Indian BPO sector (Taylor and Bain, 2003a). It is reported that the increasing trend to merger and acquisitions has blurred the boundaries among these categories.

Outsourcing to a third-party service provider remains the most common relationship between the lead firm sending work to India and the service provider. However, partnership or co-sourcing with an Indian company, known as 'joint venture' (between a foreign and Indian company) is also growing. The captive model

of BPO business was reported to have grown steadily with about 9 billion USD worth of IT and BPO activities shifted to captive centres in India in 2006 (Penter *et al.*, 2009). It is suggested that to maintain a pure captive business model and remain competitive in the BPO industry, companies need to “leverage the business and proprietary knowledge acquired by the captive” (p. 219) by increasing “collaboration efficiency” with their captive centre (Penter *et al.*, 2009 and Levina and Vaast, 2008). Not much research has focused on captive centers to understand this relationship dynamics between the core center and its in-house captive center, and its impact on the work arrangement and employee work experiences in captive center.

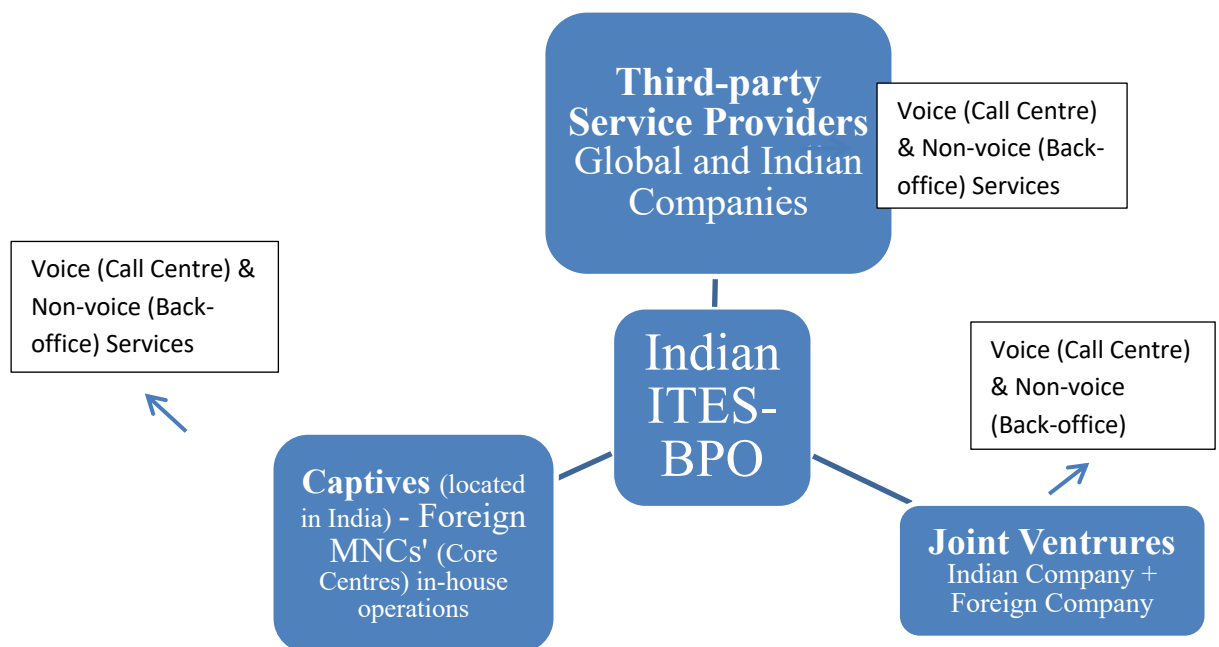


Figure 4.1: Indian ITES-BPO Industry Structure

4.7.3 Work and employment – academic perspectives

4.7.3.1 Labour process, conditions of work and employee experiences

Academic interest in Indian BPO has mainly focused on research in management and labour studies particularly on work organisation, management practices, the labour process and, relatedly, the conditions of work and employee experiences (Batt *et al.*, 2005; D’Cruz and Noronha, 2006, 2010; Remesh, 2005;

Noronha and D’Cruz 2009b; Russell and Thite, 2008; Taylor and Bain, 2005; 2006; Thite and Russell, 2009, 2010a; b) particularly in call centres at the expense of non-voice customer interactive service. One counter to this imbalance has been Howcroft and Richardson (2012), whose study is joined now by additional work on BPO and/or KPO (Edvardson and Durst, 2014; Pereira and Anderson, 2012; Noronha *et al.*, 2016). There has been considerable debate as to the nature of the employment that is being created in call centres, or conversely the type of employment that is required for this form of service delivery (Russell, 2004). Diverse lines of inquiry and approaches have been pursued producing, inevitably, differing perspectives. Several depictions of Indian BPO work and workers emerged. Some referred to Indian BPO workers as ‘cyber coolies’ (Ramesh, 2004; 2005), some considered them as semi-skilled ‘info-service’ workers (Russell, 2009), some conceptualized it as a form of ‘Taylorism through export’ carried out in neo-Taylorist work environments within ‘bright satanic offices’ (Taylor and Bain, 2005) and some even portrayed employees having rewarding work and opportunity (Knights and Jones, 2007) with other accounts (Shah and Bandi, 2003) articulating it to skilled IT work. However, a common consensus is that Indian call centre work has been seen to consist largely (although not exclusively) of highly standardised, transactional workflows, stringent job controls and demanding targets (Batt *et al.*, 2005; Taylor and Bain, 2005; 2006b; D’Cruz and Noronha, 2006, Russell, 2009).

The provision of services by third-party providers to distant locations has many implications for the management of such operations (Russell, 2008). The triangular employment relationship among managers, workers and clients is a source of serious tensions due to the difference in the power relations that exists among them and this has dominant influence on the experience of work more than ever (Kirov and Ramioul, 2014). In the context of a captive centre, the same triangular relationship has to be understood in terms of managers, workers and the core centre sending work to the captive centre governed by SLAs. These put the organization where the service work activities are taking place at the centre of analysis to understand variations in outcomes for workers between countries and companies. The Indian ITeS-BPO sector has thus provided an excellent platform for researchers to study work and employment from a variety of perspectives and with a variety of interests in mind. The following

paragraphs present a condensed discussion of the knowledge gained from these studies.

The Indian BPO industry has mostly been typified by call centers of third party service providers operating services on behalf of their clients and differs in significant ways from their western counterparts. The Indian ITeS-BPO has been viewed as having emerged as an industry that provides low-cost, continuous service to numerous overseas principal clients and their customers. Indian BPO companies by the sheer size of their operations employing thousands of workers (Taylor and Bain, 2005) are much larger than the call centres in the West. The work is demanding owing to the number of different client partners, new contracts and products that are constantly being undertaken for more profitability of business. A typical third party service provider in India may cater to different client partners from different 'verticals' such as telecom, insurance, accounts, medical, hospitality, tourism, having different service level requirements (Kuruvilla and Ranganathan, 2008). 'Verticals' in the Indian ITeS BPO terminology means the industrial sectors for which the services are provided.

Operational governance of the services provided occurs through contractual Service Level Agreements (SLAs) which are central to the coordination of interaction between Indian sites and the lead firms operating in the West. This becomes the mode of operational governance by which services delivered from remote sites are aligned to the requirements of the lead firms and end customers (Taylor, 2010b; Noronha and D'Cruz, 2009a, p. 73-4). SLAs detail the services to be delivered, service and quality management standards, timetable, suppliers and client responsibilities, dispute resolution, termination conditions (de Bruyn and Ramioul, 2006; Taylor 2010b) that suppliers at the Indian node of the transnational chain must abide by and deliver. Differentiation exists in specific SLA metrics depending upon service complexity, business volumes and call types (Taylor, 2010b).

Lead firms intervene when service delivery falls below prescribed standards. Penalties, contract re-negotiation or even termination might follow considering the links in the servicing chain downwards to workplace and workflow level. Any breach or neglect in meeting SLA standards has implications for employees. Management at the Indian site may take corrective action against, or even dismiss, underperforming

agents, or may compel more stringent adherence to performance standards by teams or individuals. The terms of an SLA are changeable, although the timing of permitted amendments will vary by contract. It follows that in response to economic turbulence and cost-cutting imperatives at macro, sectoral or organisational level, the SLAs are recalibrated by lead firms (or core centres) readily revising clauses specifying the cost, volume and quality of service delivery (Taylor *et al.*, 2014).

In earlier studies of call centres in UK it was found that centres often operated with competing mandates that are commonly described as the quantity and quality trade-off (Taylor and Bain, 1999, 2001). This means transacting the maximum number of calls with lowest staffing ratios while delivering a level of customer service that will not only retain but win over customers giving rise to work pressure and standardized work. The complexity of business model pursued by India due to varied number of clients, catering to different verticals with different SLA requirements has given rise to increasing pressures to standardize, simplify, and document service work compromising workforce autonomy and discretion (Taylor and Bain, 2005). The types of calls handled tend to be highly standardized, simple in content, tightly scripted and of short duration (Taylor and Bain, 2005; Batt *et al.*, 2005).

The work has been described as often highly scripted and is carried out under strict monitoring and surveillance (Taylor and Bain, 2005, 2006a; b; Ramesh, 2004) due to stringent SLA requirements. An Indian BPO company operates 24 hours providing services in different shifts to customers located in different parts of the globe. The synchronisation of Indian agents' working shifts with western customer servicing times is identified as a source of work-life conflict (e.g. Mirchandani, 2012; Poster, 2007), particularly for women with domestic responsibilities. In a survey of BPO workers, 'working times' has been cited as a major grievance (Taylor *et al.*, 2009). Dissatisfactions include the length of shifts and unpaid 'extra time' worked. Closely related are complaints regarding travel times and the inflexibility of firms' transport arrangements that cause excessive waiting and drop-off times (Taylor and Bain, 2010). Overall, evidences from these studies suggest that Indian agents experience work as demanding, pressurized and stressful (Taylor and Bain, 2006b, 2005). Evidence exists of authoritarian management practices, including bullying (D'Cruz and Noronha, 2013a), and a democratic deficit in employee representation

(Taylor and Bain, 2008; 2010; Taylor *et al.*, 2009). D’Cruz and Noronha (2015) report agents experiencing widespread personalised bullying (customer cyber bullying) in the form of race and gender linked bullying that evoked extreme distress, shock, anger, disgust and helplessness amongst the agents.

4.7.3.2 Cultural paradoxes – emotional labour and identity regulation

In the context of service work in general, researchers (Nickson *et al.*, 2001; Warhurst and Nickson, 2007) earlier have drawn attention to the need of “sounding right” and “looking good” to attract and appeal to customer senses. With the rise of the service society, increasing number of researchers (Holman *et al.*, 2002; Mulholland, 2002; Ackroyd *et al.*, 2006; Mirchandani, 2004; D’Cruz and Noronha, 2008; Noronha and D’Cruz, 2009a) have focused on performance of emotional labour in call centres and the emotional dissonance and exhaustion it causes and the cultural paradoxes involved in this kind of service work. By developing detailed specifications of conduct and scripting of ‘feeling rules’ or ‘display rules’¹⁰ accompanied by close monitoring of individuals, authors argue that emotional labour is controlled by such organizations. Hochschild (1979, 1983) in her study of emotional labour performed by flight attendants found that attempting to conform to the expectations during service interactions has damaging psychological effects in agents performing the service work. Ashforth and Humphrey (1993) also argue that emotional labour “stimulates internal (psychological) and external (organizational) pressures to identify with the role, but that service agents may use various behavioural and cognitive defense mechanisms to ameliorate these pressures” (p. 89).

Unlike their Western counterparts, call centre agents in India are required to engage in locational and identity masking when dealing with Western customers (Mirchandani, 2004; Poster, 2007; Nath, 2011) and are required to work ‘grave yard shifts’ (night shifts, shifts starting at very early hours in the morning) to synchronize their work to the timings of the customers in the West. Researchers draw attention to

¹⁰ Some researchers (Ashforth and Humphrey, 1993, Rafaeli and Sutton, 1989) use the term ‘display rules’ (Ekman, 1973) to ‘feeling rules’ (Hochschild, 1979) because the former refers to what emotions ought to be publicly expressed rather than to what emotions are actually felt. Because display rules refer to behaviour rather than to internal states, it is relatively easy for customers, managers, and peers to observe one's level of compliance with the rules.

the emotional complexities and stress involved in the need to modify accent for Western customers, use western pseudonyms, engage in locational masking and handle racial abuse from customers (Mirchandani 2004; Poster, 2007). Nath (2011) examined how Indian BPO employees in call centres are required to regulate or manage their national identity in order to fulfil the challenges of aesthetic and emotional labour. This need for identity regulation arises from the organizational pressure to ease customer apprehensions and achieve performance targets. Mirchandani (2012) in this respect brings in the concept of ‘authenticity work’ ‘as the bedrock of the transnational service economy’ (p. 11). She highlights the need for call centre agents to be themselves and “like some else at the same time” (p.1). In doing so agents are required to perform ‘authenticity work’ as identity and authenticity are at the forefront of international customer service and ‘authenticity’ is largely determined by how an act or behavior is declared ‘authentic’ by an authority (a manager, a client, or a foreign customer). The cultural paradoxes implicated in the navigation of customer encounters which exercised many early researchers (e.g. Cohen and El-Sawad, 2007; Mirchandani, 2004; Poster, 2007) have been recently amplified by Rowe *et al.*, (2013), Nath, (2011), Murphy (2011) and Vaidyanathan, 2012). However, it is argued that these cultural studies contribute marginally to understanding the ‘service chain’ and the political-economic, firm-level, organisational and technological elements that underpin and shape agent-customer interaction.

4.7.3.3 Human resource management

Global competition is said to require an enthusiastic and committed workforce and thus investment in human capital has been seen as central to competitive advantage (Pfeffer, 1994; Appelbaum *et al.*, 2000). Within this framework, HR tools and practices manage the pool of human capital, while ‘commitment aligns interests and mobilises discretionary effort’ (Thompson, 2011 p.359). The claim is that Human Resource Management (HRM) is bestowed with the strategic quality where it is representative of the images conveyed through ‘best practices’ or sophisticated high commitment management (HCM) or high performance work systems (HPWS) approach.

With the rapid growth of Business Process Outsourcing in India, researchers have focused on investigating the dynamics of human resource management practices (Budhwar *et al.*, 2006a; b) in this sector documenting “formal, structured and rationalized HRM systems in Indian BPOs” (p. 339). Thite and Russell (2009, 2010b) also documented several positives in the way HRM is conducted and delivered in the Indian call centre/BPO industry. For example, their study found that the quality of training, the standard of technologies and the adoption of several progressive HR practices are world class in the large “info service providers”. Reports (Kuruvilla and Ranaganathan, 2010) of novel HR strategies crafted to address the needs of young middle-class workforce are also present.

Drawing from the general call centre literature, many researchers have drawn attention to the challenge of managing human resources in call centres or contact centres and acknowledged this as a global issue (Russell, 2008; 2009; Deery and Kinnie, 2004). In the context of call centre/BPO work, it would not be wrong to say that it is differentiated from other categories of labour in the fact that it is people who are being worked with and on. By bringing in customers and clients directly in the labour process new elements of variability and uncertainty are introduced which requires fundamental adjustments to the ways in which work is managed (Frenkel *et al.*, 1999). The general logic of outsourcing provides impetus for a model of management that is intensively target driven (Kinnie *et al.*, 2008; Walsh and Deery, 2006) and offshoring to far – off locations such as India is driven more by this logic (Batt *et al.*, 2009b; Taylor and Bain, 2005, 2006a). Research on call centres indicates that where cost-minimisation is a dominant business approach, the work environment is generally fast paced, routine, monotonous, tightly controlled and contains little scope for employee discretion. According to a global call centre study (Holman *et al.*, 2007), the main distinction between such operations lies in the approach and philosophy taken towards human resource management. This includes decisions about design of work, the adoption of progressive HR policies and practices and employee voice mechanism which are in turn influenced by institutional factors, business strategies and operational choices (Batt *et al.*, 2005; Holman *et al.*, 2007).

Examination of studies conducted on HRM in Indian ITES-BPO brings out the paradoxical situation of extensive managerial control, standardized, scripted work-

design, surveillance and monitoring being combined with managerial use of HR practices to promote the organization as a fun place to work. Substantial efforts are geared towards influencing the employees' subjectivities at work through the projection of a well-defined organizational identity. There are deliberate efforts to create a particular organizational culture through participation in managerially constructed games and other planned social activities organized such as get-togethers, picnics, outings and family days (Budhwar *et al.*, 2006b, 2009a, Poster, 2007; D'Cruz and Noronha, 2006; Ramesh, 2004). In a comparative study (Russell and Thite, 2009) between Australian and Indian workers, Indian agents have been found to be more supportive of such practices though such practices got identified by employees as efforts to obtain greater work effort from them. Practices such as managerially constructed games are shaped as performance competitions and employees are more willing to engage in these as performance related remuneration seems to play a larger role in the BPO organizations.

Researchers argue that clients play an important role in determining the HR system in call centres (Harney and Jordan, 2008; Kinnie *et al.*, 2008) which is not surprising as clients exercise control over remote operations through the 'stringently enforced' SLAs that effect work design and other structural elements of the work environment. However, in this context, several researchers (Kinnie *et al.*, 2000; Hutchinson *et al.*, 2000) have documented the use of sophisticated HRM practices that resembled high commitment management practices (HCM) reflecting alignment between HR practices and control systems addressing both needs of employees and requirement of high quality interactions with customers. In the Indian BPO too, sophisticated HRM practices such as strategic recruitment, performance management, teamwork and incentivized remuneration, training, career management, social activities have been documented by researchers (Batt *et al.*, 2005; Budhwar *et al.*, 2006a and b; Thite and Russell, 2010a; b; D'Cruz and Noronha, 2012). Some researchers have assessed that the HR practices implemented in Indian call centres are highly innovative, professional, structured and world class (Budhwar *et al.*, 2009a; Thite and Russell, 2009) implying that they are converging with western practices. Various dimensions of HR including supportive team leadership, employee 'involvement' programs such as 'town hall meetings', committee involvement and

suggestions schemes have been documented in the more recent literature. Drawing attention to the importance of employment and occupational ‘branding’ in the management of BPO workers, Noronha and D’Cruz (2009a) discuss construction of employee identities around employment and work through use of job titles such as ‘process executive’ and other symbols that help create a sense of being part of a global corporate membership.

Despite employing global western HR strategies, the Indian BPO industry experiences high labour turnover. Startling rates of attrition and absenteeism have been seen as the major managerial challenge confronting the BPO industry (Batt *et al.*, 2009a; Budhwar *et al.*, 2009b, Taylor and Bain, 2006a; b; Russell and Thite, 2008; Thite and Russell, 2010a; b; Sengupta and Gupta, 2012; Das *et al.*, 2013). Given this, it is not surprising that Thite and Russell (2009) also report that HRM in Indian BPO is preoccupied with high maintenance and administrative activities such as constant and large scale recruitment, training and performance appraisal with little time for strategic thinking, planning and implementation.

Thite and Russell (2009) in their analysis of Human Resource Management in Indian BPO industry point out that due to fast changing business scenario globally, applicability of any critical analysis of this sector with reference to particular time period, location, size and type of organization remains limited. Hence the need to examine employment management practices in the post-crisis conditions is justified. The authors discuss the importance of taking into consideration the effects of globalization, the new business models that result and the local contexts on the practice of HR (Thite and Russell, 2010b). They point out that HRM challenges experienced in outsourced centres are greater than ‘captive centres’ (in-house operations in the same location) but admit that their study sample did not cover any captive centre. Research (Batt *et al.*, 2009a; b) examining in-house centre (located within the organization at the same location) and outsourced employment models has shown evidence that the latter is typified as having lower levels of compensation, benefits and job discretion and higher levels of standardisation and performance monitoring. This provokes the question as to whether this difference could be attributed to specific servicing chain arrangements having consequences for work organisation and HRM practices. The current pressure to differentiate services and reduce cost might have

significant impact on the management of human resources in the industry and employees' experience of work and their identification with their job and organization. Also, with managers playing a central role in the implementation of HRM practices on which firm performance outcomes depend (Carroll and Wagar, 2009), understanding managerial intentions for using these practices is crucial.

4.8 Professional Identity in Indian BPO Workers

As Indian graduates became integrated within the new international division of labour, diverse characterizations of the nature of work and employment emerged. One striking conceptualization was of Indian BPO workers, especially call centre employees possessing a powerful sense of professional identity. In any discussion on professional identity emphasis is placed on defining professional work and categorising occupations accordingly (Watson, 2002). With societal developments and changes there have been increased complexities in the contexts and environments of 'professions' and its increasingly broad interpretations (Fournier, 2001; Collins *et al.*, 2009). The term is often now "used as an adjective rather than a noun describing how individuals carry out their work with knowledge and skill rather than specific kind of work they do" (Caza and Creary, 2016, p. 260). Noronha and D'Cruz (2009a; b) and D'Cruz and Noronha (2006) have conducted research on normative professionalism in the Indian BPO setting. Interpretations of normative professionalism lie in regarding professionalism as an important and highly desirable occupational value with professional relations characterized as collegial, co-operative and mutually supportive between the employer and the employee (Evetts, 2014). The author notes the importance of maintaining professionalism as the main organizing principle for service sector work which she identifies as professional work, "essentially knowledge based and where practitioner expertise and experience, both substantive and tacit, are valued and rewarded" (p. 50) and practitioner expertise is acquired through expensive education, training and apprenticeships (e.g. education, medicine, law, accountancy). With increasing commodification of professional service work and practitioners becoming organizational employees, she notes that there is a decline in "occupational professionalism" and expansion of organizational forms of

professionalism that intends to connect practitioners more to their work organization than to their professional institutions and associations. Professional work competencies are shaped by the interests of the consumers and are increasingly defined, standardized and assessed by the organization, thus limiting relative autonomy and discretion, the key occupational value aspects that practitioners exercise over their work. Organizational techniques of controlling employees through increased regulation, focus on target achievement, imposed financial constraints, and increased managerial intervention have affected the work of practitioners in professional organisations. This way Evetts (2011) argues that occupational value aspects of professionalism have been redefined and an important consequence of this redefinition has been that there is a change in the way professionals regard their service work and their working relationships. It is based on this normative value of professionalism that Noronha and D’Cruz (2009a) conceptualize professionalism in Indian BPO.

According to Noronha and D’Cruz (2009a), Indian BPO employees see themselves as educated professionals having high status. Professional identity embraces agents’ self-identity, their sense of skill (superior cognitive ability), advanced qualifications (degrees) and commitment to customer and employer. In this regard, Noronha and D’Cruz (2009a; b) to an extent apply insights from the social construction of professional identity to examine how BPO employees legitimize their status as professionals in their particular work context. Amongst ‘the privileges of professionalism’, job demands are ‘offset by agents’ sense of well-being [which emerges] from organisational artefacts, company reputations and personal remuneration and benefits (2009a, p. 100). The fact that employees work in modern facilities, have professional appellations (e.g. customer care executive), attractive pay, performance incentives, promotion possibilities, company-organised fun activities and informal work relationships contributes further. Employees would often deny problematic elements in their workplaces, and identify themselves with the management depicting their workplace environments as the one that met their needs. Noronha and D’Cruz (2009a; b) point to the special emphasis that is given to the discourses of professionalism in Indian call centres and emphasize the importance of cultural and normative forms of control such as formalized induction programmes, performance management systems, performance based reward systems, elaborate

training programmes that are intended to foster strong identities with employing organizations and thereby gain agents' compliance and commitment to the realization of the organizations' agenda.

Despite such strategies used by employer organizations in shaping employee identities, agents moving to other organizations in instrumental pursuit of better pay and high employee turnover in the industry have been documented (Batt *et al.*, 2009a; Budhwar *et al.*, 2006a; b; Thite and Russell, 2010a; b; Sengupta and Gupta, 2012; Das *et al.*, 2013; Taylor, 2006a; b) that suggest limited success with such strategies and weakens their strength as a tool of control (Russell, 2009). Thite and Russell (2009) note that opportunities for gainful employment provided by the industry for fresh graduates leads to a strong work and organisational commitment in the short term. However, employees perceived lack of career advancement in the call centre industry coupled with routine, monotonous, 'graveyard' shift jobs make employees hop from one job to another looking for short-term gains, such as higher salaries, with general working conditions and career prospects remaining almost the same.

Drawing on interviews with Indian call centre employees in 2007 another study articulates a different dimension of normative professionalism - professionalism 'from below' which means "the appropriation of this concept by employees as an ideal or principle in order to defend rights they consider intrinsic to their professional identities. Professionalism is understood by employees as an ideal that is binding on managers as much as on workers" (Vaidyanathan, 2012, p. 211, 213). The study argues that the dominant account of 'professionalism from above' (professionalism as a tool of managerial control) is overstated. He attributes employees' ability to articulate their basic rights owed to them by their managers and the mobilization potential it has to the ideology of professionalism.

4.8.1 Theoretical approaches to examining professional identity

Moving from empirical to the theoretical, the importance of professional identity lies in shaping employees' psychological and behavioral processes in the workplace. In workplace studies, professional identity has been shown to have positive performance outcomes (Arthur *et al.*, 1989) and researchers have studied its impact on

shaping behavior and job attitudes (Bunderson, 2001) and linked it with employees' psychological well-being (Tajfel and Turner, 1979), and sense of efficacy and esteem (Ervin and Stryker, 2001). Dutton *et al.* (2010) however, argue that benefits of positive work identity are gained when individuals identify strongly with a valued profession.

There are two different approaches that scholars have taken in their examinations of professional identity. The first approach, professional identification, focuses on how individuals identify or relate to the professional group with which they are associated. It is "the extent to which one defines him or herself in terms of the work he or she does and the prototypical characteristics ascribed to individuals who do that work" (Mael and Ashforth, 1992, p. 106). It is argued that when professional workers become identified with their profession, they will internalize distinct professional values and attitudes and integrate them into their own self-identity as a result of association with their professional group and enact the role expectations of their profession or organisation. The strength of identification rests on the extent to which one internalizes professional values (Morrow and Goetz, 1988; Bergami and Bagozzi, 2000). The more strongly individuals identify with their profession, the more affectively committed they will be (Bergami and Bagozzi, 2000). High levels of professional identification are also associated with more satisfied employees and more extra role-supportive behaviors (Ashforth and Mael, 1989; Dutton *et al.*, 2010). Because of the benefits of professional identification to individuals and their work organisations, researchers have been interested in uncovering its antecedents. They found that 'socialization' practices play a key role in shaping identification. Individuals are regularly exposed to long, elaborate and intense socialization period or some professions may use more effective socialization tactics to make individuals internalize organizational and professional values and norms, and strongly identify with their profession (Van Maanen and Schein, 1979; Abbott, 1981; Watts, 1987).

A set of researchers have however, argued that employees' compliance to demands of work and adherence to the cultural practices is no indication of internalization of corporate cultural values (McKinkay and Taylor, 1996; Thompson and Ackroyd, 1995; Warhurst and Thompson, 1998; Alferoff and Knights, 2001; Thompson and McHugh, 2002). Many workplace studies have found that workers exposed to cultural normative controls by management often 'act out' their roles

(Collinson, 2003; O'Mahoney and Marks, 2014), maintaining a sneering distance between their 'front stage' and 'back stage' selves (O'Mahoney and Marks, 2014) meaning their acted out identity being different from their believed-in identities or individual values and beliefs. It is pertinent to state here that when employees act out there is a conceptual difference between surface and deep acting (Hochschild, 1983) and research has proven that workers who do not identify with and accept their work roles will not engage in 'deep acting' that requires them to modify their inner feelings to match the requirements of the display rules of the job. With increasing internal (psychological) and external pressures (organizational) to identify with the job role, it is likely that they will only conform to the display rules of the job or involve in 'surface acting' (Hochschild, 1983) to keep the job and not to help the customer or the organization (Ashforth and Humphrey, 1993).

Complementing the above observations made by researchers, the second approach, professional identity construction approach lays emphasis on the specific cognitive and behavioural tactics that individuals engage in to form a professional identity. According to this approach, individuals construct a subjective perception of themselves in their professional role and are rarely passive recipients of the identification process suggesting that socialization is not a unilateral process of conformity, but instead individuals make negotiated adaptation to their professional environment (Schein, 1978; Nicholson, 1984; Ashford and Taylor, 1990). This approach bestows individuals a more agentic role (Caza and Creary, 2016) in identity formation process. Instead of examining socializing agents' role in promoting an individual's identification with a target group, the professional identity construction approach engages in focusing on the general process of identity formation by individuals (Caza and Creary, 2016). It is the "interpretive activity involved in reproducing and transforming self-identity" (Alvesson and Willmott, 2002, p. 627) where individuals take an active role in professional identity construction by "doing, acting, and interacting" in the social context (Pratt, 2012, p. 26). In the process of identity construction, individuals engage in continuous self-assessment to establish self-views that are more consistent with their image of what it means to be a member of a particular profession. In this regard professional identity construction approach is different from professional identification literature's focus on the role of professional

or organizational agents in shaping individual's identification with their profession or their perception of oneness with their profession.

4.8.2 Examining professional identity in Indian BPO

Noronha and D'Cruz (2009a) base their examination of professional identity in Indian BPO workers from the professional identification approach which lays emphasis on organisations' use of intense and elaborate socialization tactics to inculcate a sense of professional identity among employees to mobilise employee commitment. Employees here are considered passive recipients of the socialization tactics who internalize the values, norms and behaviours and legitimize their status as professionals in the particular BPO work context. This is, however, a characterization ascribed to Indian BPO workers during the industry's formative period and does not consider the agentic role of the employees in construction of their professional identity. The changed economic environment post-crisis, characterized by restructuring and transformation in the BPO industry (NASSCOM, 2013; Arun, March 2013) might have increased pressures to reduce cost and maximize profits which might undermine the rhetoric of this historically contingent construct, 'professional identity' both as a managerial tool of control and employees' means to articulate their rights owed to them. Post-crisis employment conditions might contribute to changed perceptions amongst employees and their articulation of their identities.

4.9 Conceptualizing Indian BPO

It is emphasized that the distinctive characteristics of the Indian call centre industry such as low discretion, standardized, routine high volume work, highly controlled managerial regimes (Batt *et al.*, 2005; Holman *et al.*, 2007) have their root in an uneven international division of labour, and forms of governance and control that are essentially imposed by companies in the sending countries and thus needs to be embedded in an understanding of the international division of call centre labour and India's specific place within it (Taylor, 2010a). Despite the global interconnectedness involved in the offshored phenomenon (Dicken, 2011), there is a tendency in certain studies of Indian BPO (particularly call centres) to analyse the phenomenon as a

nationally bounded economic activity (Batt *et al.*, 2005; Holman *et al.*, 2007). Informed by the varieties of capitalism approach (Hall and Soskice, 2001), these studies (such as the Global Call Centre Project) tended to place employment relations and HR practices in national silos and thus were limited in their ability to explain employee experiences at the offshored site, for example, to account for low levels of discretion exercised by Indian employees. Given the need for more effective conceptual framework to understand globalised services, Taylor (2010b) draws on the related conceptual frameworks of the Global Commodity Chain (GCC), the Global Value Chain (GVC) and Global Production Networks (GPN) but integrates labour as the key conceptual element with this synthesis. In drawing upon these frameworks, he highlights the power asymmetry between client and supplier in an outsourced call centre 'chain' with performance verification residing ultimately with senior management in the sending country (UK or US). Operational governance at the service delivery interface requires continuous performance monitoring and reporting to management in these countries.

Most of the analysis of Indian ITeS-BPO pre-dates the global economic crisis. Drawing on a conceptual synthesis of the Global Commodity Chain, Global Value Chain and Global Production Network frameworks, Taylor *et al.*, (2014) examined the initial impact of 2008's financial crisis on employment, work organisation and the experience of work in Indian BPO. Employer/industry sources and employee interviews revealed reconfigured local labour market dynamics, tightened work discipline, an extensification of working time, work intensification and unprecedented growth in job insecurity. However, the status of these findings should be considered provisional and needs to be evaluated in the current context of post crisis work. The global financial crisis and the subsequent recession affecting the two major LMEs (UK and USA) have had inevitably significant impact upon India's BPO industry. During crisis conditions with imperatives of cost-cutting dominating, the SLAs were required to be 'recalibrated' as contracts with suppliers were renegotiated to reflect the changed market conditions (at the meso level) which then induced changes in work organization and employment conditions in the BPO industry in India with significant consequences for employees' experience of work. The significance of the SLA has been generally neglected by researchers, but has been central to understanding the impact of crisis on

Indian BPO. The ways in which SLAs articulate the lead firms' cost cutting strategies with service delivery from Indian BPO sites emerges as a principal line of inquiry. However, it is emphasized that 'indeterminacy' in production remains and SLAs cannot shield the service delivery from 'quality slippages' or 'quantitative underachievement' due to the consequences of labour being an 'active agency'.

4.10 Conclusion

Following Taylor *et al.*'s (2014) study there has been very limited published work so far on understanding the post crisis work and employment situation in the Indian BPO industry. Even allowing for inevitable delays in the germination of research projects and data generation, the omission is striking. The widespread belief seems to be that the questions of work organisation, management control, HRM and labour utilisation, and employee identity and resistance, that animated first-wave research agendas, have been satisfactorily and permanently resolved. What is largely unacknowledged in these accounts is the importance of historical contingency, and the significance of the temporal conjuncture surrounding the emergence and development of Indian BPO. If Indian BPO is to be understood, it is essential to grasp the ways in which it is embedded within the transnational flows of capital, technology and knowledge, within global value chains and/or global production networks (Lakhani *et al.*, 2013) and the timing of this embeddedness.

Considering the global and national political economic dynamics and the global interconnectedness involved in the transnational BPO value chain, this thesis aims to investigate the work and employment situation in the post crisis context with particular focus on three distinctive organization types - captive centres, Indian third-party service providers and global third -party service providers and thus respond to Taylor *et al.*'s (2014) injunction for researchers to provide a finely grained analysis of work and employment in post-crisis conditions. For a systematic analysis, the variable consequences of respective servicing chain arrangements for the organization of work, employment relations and the experiences of work needs to be considered to understand how the effects might differ in extent and character, according to their contrasting servicing supply chains. This kind of robust analysis would call for

drawing insights from global political economy, labour process and value chain and network theories, as has been examined in Chapter 2-4 of this thesis.

Chapter 5 Methodology and Data Analysis Approach

5.1 Introduction

Chapters 2-4 have drawn attention to the scarce empirical research undertaken into understanding work and employment in the Indian BPO in the post crisis context. The broad objective of this research is, hence, to understand strategic business practices and their impact on work and employment in the Indian Business Process Outsourcing (BPO) sector, now known as Business Process Management (BPM) sector in the context of increased automation and strategic transformation following the 2008 economic crisis. The study becomes important in the context of globalization of business services and increased relocation/offshoring of business services from the developed economies of the global North (United States, United Kingdom, Canada) to the economies of the global South, particularly India which is still considered the world's leading BPO destination in the 186 billion dollar global industry (NASSCOM, NILF¹¹, 2017). Given the lacuna of published work on post-crisis Indian BPO, this research cuts new ground as it examines work and employment in the re-configured political economy of BPO and examines the dynamics of work and employment across capital's three contrasting servicing chain relationships (Indian third-party, global third-party provider and in-house operation) that span the spectrum of offshoring, using GVC-GPN (Global Value Chains-Global Production Networks) frameworks.

Given these aims, the following research questions are framed based on the purpose of the research (outlined in Chapter 1) and the systematic review of relevant literature (Chapter 2, 3, 4) that followed.

1. How did the three major BPO business models operating in India experience 2008 recessionary pressures? How did the business models adapt to the post-crisis client/business needs and demands?

¹¹ NASSCOM India Leadership Forum 2017

2. To what extent has adaptation to post-crisis client/business needs and demands shaped employment conditions and, in turn, the HRM (people management) practices in these three different BPO business model cases?
3. To what extent have post-crisis employment conditions and HRM practices effected employee perceptions and work experiences in terms of well-being, work intensity and job security in the three BPO business model cases?
4. a) To what extent is there evidence of professional identity (PI) amongst frontline employees in the three case study BPO organisations?

b) To what extent, and in what ways, have the business models and HRM practices influenced the construction of frontline employees' professional identity in the three case study organisations?

In addressing these research questions, the study adopts a comparative case study approach and attempts to capture data from three distinctive organizational types of Indian BPO (Indian third-party, global third-party and in-house captive) identified through a pilot study. The three case study types address the same research questions in 'different settings' (in terms of inter firm arrangements and delivery modes). Each case study aims to provide a picture of work and employment dynamics in the post crisis context. The analysis of the differences and similarities observed in relationships and outcomes in each setting helped to draw conclusions on how the inter firm linkages are embedded within the logics and shifts of the macro global political economy and have consequences for the everyday work life of employees in this sector. This thesis thus represents one of the first systematic attempts to analyse the variable consequences of respective servicing arrangements for the organization of work, employment relations and the experiences of work in Indian BPO in the post crisis context.

This chapter describes the research design developed and the data collection methods adopted to explore the research questions. The choice of a suitable research design for an academic research inquiry is important because the reliability, relevance and quality of research results depend largely on methodological designs used to carry out the study (Myers, 2009). The chapter also discusses the method adopted to analyse

the data, and then closes with a discussion on the limitations of the methodological approach adopted.

5.2 Conceptual Framework

Following the logic of the research questions posited, a conceptual framework (Figure 5.1) provided an opportunity to gather the general constructs proposed for this study. Both Stake (1995) and Yin (2003) refer to conceptual frameworks and note that the conceptual framework serves several purposes such as identifying who will (and will not) be included in the study and describing what relationships may be present among the constructs proposed (propositions) based on logic, theory and/or experience. With regards to this study, how complex, integrated and constantly evolving transnational divisions of labour are established, around which global servicing supply chains are constructed and how they affect conditions of employment and other labour outcomes for workers in a particular sector (Indian BPO) called for developing in-depth knowledge of theoretical and empirical literature, carefully conceptualizing related components such as global political economy, transnational BPO value chains/service supply chains, work organisation and HRM practices, and the outcomes for labour. The application of the conceptual framework contributed in terms of providing guidance to draw data from relevant and specific sources instead of gathering data from various sources generating overwhelming amounts of data that gives rise to difficulty in organizing, management and analysis of data later.

For each case study, at macro-level, evidence was gathered on post-crisis BPO business and the strategies adopted by the case study organizations to respond to the needs of their business. Senior management was thought to be the most informed source to gather evidence from. At the meso-level, the focus was to understand the operationalisation of the post crisis recovery strategies in each case study organisation, the management practices and its effect on HRM practices, and hence middle management seemed to be the most informed source to gather information from. It is important that the impact of global production systems on workers and their potential responses are understood. According to Purcell (1999) and Guest (1999), empirical data gathered from the middle management (including HR and operational managers)

report on the HR practices as intended rather than those experienced by the employees. For methodological robustness, it is therefore, crucial that experiences of employees who are at the receiving end of the HR practices are captured (Purcell, 1999; Guest, 1999). So at the micro-level the focus shifted to front-line service delivery, asking what the implications might be of the organisation's respective post-recession strategies and management practices for employees' experiences of work, and evidence was drawn from frontline employees. By adopting this conceptual framework, the aim is to redress the "connectivity problem" (Thompson and Vincent, 2010), as it is termed, between political economy and labour process utilizing the explanatory purchase of the global chain and network perspectives (Flecker and Meil, 2010; Newsome, 2010; Taylor, 2010b; Newsome *et al.*, 2013). These researchers (Thompson and Vincent, 2010; Flecker and Meil, 2010; Newsome, 2010; Taylor, 2010b; Newsome *et al.*, 2013) assert that dynamics of the labour process can be better understood when situated within wider framework of changes at the level of political economy shaping the nature of contemporary production.

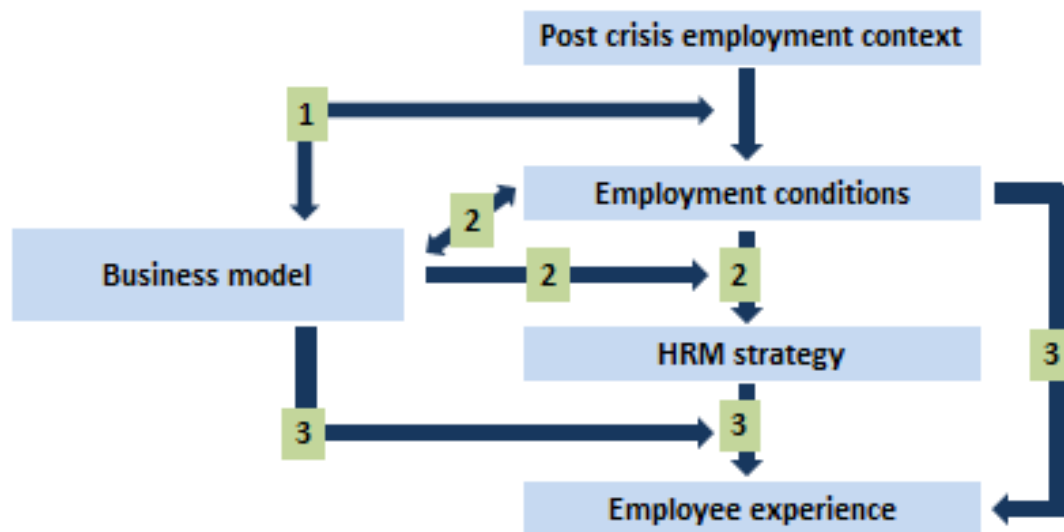


Figure 5.1: Conceptual Framework

5.3 Rationale for Critical Realist Approach

The ontological and epistemological basis of this research stems from critical realism (CR), a philosophy of science seeking explanations for a particular phenomenon at different depths of reality. This ontology has been applied across a broad range of subject areas (Easton, 2010) including critical management studies and the nature of work, human resource management, labour process theory, regional analysis, and work and labour market studies (Fleetwood and Ackroyd, 2004). The central proposition of critical realism is that truth about a particular phenomenon is neither absolute nor purely relative but a matter of practical adequacy (Sayer, 2000). Positioned between positivist and constructivist perspectives, its ontological argument is that reality goes beyond what we can observe and measure (positivist perspective) or interpret and construct (constructivist) based on our knowledge (Sayer, 2000) and therefore, a 'real world' does not exist. It makes a distinction between reality and real objects and contends that reality has hidden depths that can be stratified in three domains: the empirical, the actual and the real, through which we can gain a more profound understanding of real objects (Archer *et al.*, 1998, Carolan, 2005, Sayer, 2000). Critical realism thus has a stratified rather than flat ontology and this has major epistemological implications (Figure 5.2). The strata are the empirical, the actual and the real. The empirical domain contains our observations and experiences of an issue, such as employees' experiences of post-crisis BPO work and interplay between different actors in the operationalisation of the post crisis recovery strategies giving rise to post crisis working conditions. At the core of the actual domain are the mechanisms that cause those empirical experiences. Events occurring in the actual domain may not be observed at all or may be understood differently by observers. There is a process of interpretation that intervenes the two domains. In the context of this study, the actual domain includes the increased client demands under the new dynamics of BPO business post-recession, the supply chain arrangements particularly interfirm relationships and the adoption of the post crisis recovery strategies by the case study organisations in response. Events occur as result of mechanisms that operate in the real domain. The real domain revolves around the structures that are enduring and cause actual events which are geographically and historically shaped (*ibid*). In relation to this study, this would be the unequal geographic development, the ICTs, the

international division of labour and the power asymmetries between the global MNCs and the providers of low cost services in India. The real and the actual domain may not always be capable of being observed.

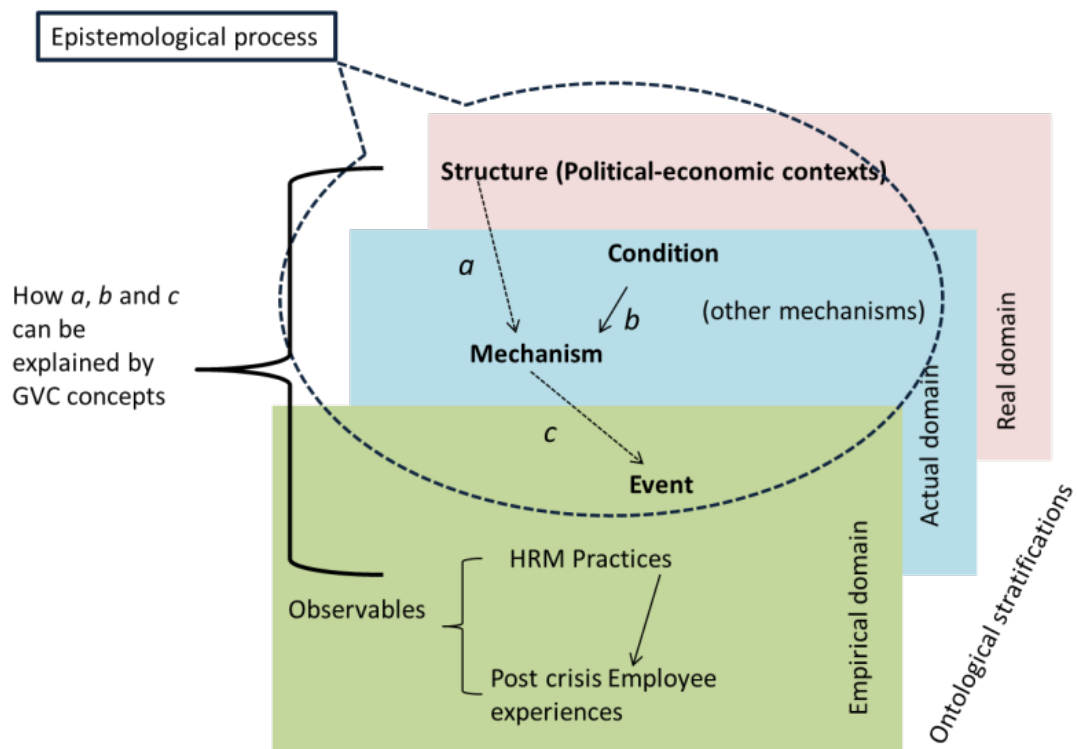


Figure 5.2: Critical Realist View of Causation and Ontological Stratification (Adapted from Sayer, 2000)

Critical realism posits that social systems are open, more messy and ambiguous than our theories of them. Therefore, the events that can be observed are products of different causal processes emerging from many interacting structures and mechanisms. In creating knowledge about these causal processes, critical realism suggests the use of different theories and methods based on the observed phenomenon i.e., the post-crisis Indian BPO work and employment and the discipline wherein the subject is studied i.e., labour process and human resource management. Considering the ontological and epistemological stands above, employing a critical realist approach is beneficial for this research in two ways: firstly, behind empirical events, the underlying and unobservable factors and structural powers can be understood (Sayer, 2000) and secondly, this understanding will allow us to create a more comprehensive

knowledge about the real world (even though it cannot be a complete reflection of it). In using a critical realist approach, there is no intention of saying there are fixed laws and policies under which particular employment regimes emerge, but instead that there might be recurring patterns in different settings leading to regimes that reinforce risky employment arrangements and inferior employment conditions. Research has taken other alternative approaches to investigate work and employment in the BPO sector such as phenomenological study of the lived experiences of employees (Noronha and D’Cruz, 2009a), mixed method approach involving both in-depth interviews and self-completing questionnaires to analyze the nature of HRM systems in BPO organizations operating in India (Budhwar *et al.*, 2006a; b) and employment relations in the sector (Thite and Russell, 2007).

Patterns emerging in the workplace show responses to tendencies that are both dynamic and contradictory, as they are influenced by the dictates of global capitalism (Smith and Thompson, 1998) at the macro-contextual level. The contextual level consists of ‘global forces’ - economic developments, demographics, politics, technological developments and social developments. In other words, in order for actual workplace understanding to take place, stronger connections between workplaces and capitalist development is needed (Thompson and Vincent, 2010) and so it needs to be contextualized with structural relations and politics of production that go beyond local or national context and address questions of how capitalist production is constituted increasingly through global networks at a meso-transactional level. The transactional level consists of ‘market forces’, suppliers, supply and demand, distribution, competitors and strategic alliances. In order to develop a conceptual schema that takes objects of analysis wider than the core concerns of LPT, focus needs to be on global value chain (GVC) analysis of inter-firm relations and the dynamics of global industries as discussed in Chapter 3 - Theorizing Labour: Chain and Network Paradigms in the Context of Labour Process. Thompson and Vincent (2010) recognize that broader conditions in the political economy also affect the labour process, as do the understandings and actions of the people who constitute them and argue that there lies great potential for ‘fruitful dialogue’ between LPT and other theoretical resources such as GVC concepts framed within a broadly critical realist ontology. Analysis of power relations between dominant and subordinate buyers and producers, changing

and varied patterns of governance and associated mechanisms of coordination and control (markets, hierarchies and networks) across the whole chain, from conception of a product or service to its consumption (Gereffi, Humphrey and Sturgeon, 2005) becomes important. Opening out GVC analysis and incorporating labour process into the framework will bring in ‘all relevant sets of actors and relationships’ that may have effect on the interconnected functions, operations and transactions involved in the production, distribution and consumption of a product or service (Coe, Dicken and Hess, 2008) at meso- transactional level. Researchers inclined to using LPT have begun to make links to GVC and GPN perspectives (Flecker *et al.*, 2008; Thompson and Vincent, 2010; Taylor, 2010a, Newsome *et al.*, 2015). These contextual framings between workplace labour processes, global networks and the broader stratified layers of the political economy refer to the specific causal mechanisms influencing conditions of competition and intricacies of specific labour processes.

The link among the global political economy of BPO service work, employment practices and organizational outcomes which forms the empirical object in this study is too dynamic, multi-layered and context dependent to talk in terms of universal applicability and show tendencies that are both dynamic and contradictory under the dictates of globalization of service work. Global recession is an external reality against which truth claims about the Indian BPO industry can be evaluated and the causal powers of social structures can be construed of as generative mechanisms with the capacity to make ‘something happen in the world’ (Danermark *et al.*, 2002, p. 206). There is a complex interplay between structure and agency. In the Indian BPO service context, BPO workers are ‘actors’ and their actions are part of causal explanations. Actors (BPO workers) have latent causal powers, but existing employment arrangements at the meso-transactional level endow some actors (managers) with more of those powers.

Proceeding from critical realism and aiming to explore the complexity of global political economy and global networks surrounding Indian BPO work and employment, this research strives to develop a more profound understanding of the conditions and mechanisms leading to post crisis work and employment using case study approach. Three different case studies that represent three different BPO models or organization types exhibiting contrasting servicing chain relationships are selected

based on a pilot study. A comparative case study approach is adopted in which the researcher looks for similarities and differences across settings that are different (Yin, 2009). In regards to this study, the settings are different in terms of the supply chain relationships. This design allows highlighting a set of activities or issues such as supply chain relationship status, business recovery strategies adopted, execution of strategies and HRM practices and work experiences using the same analytical procedure and data collection methods used for all three cases. The research design thus enables a specific research focus, to compare more thoroughly how the subject matter unfolds in each setting, and to gain more in-depth knowledge of the studied phenomenon. A critical realist case approach is particularly well suited to relatively clearly bounded, but complex, phenomena such as organisations, inter-organisational relationships or nets of connected organisations.

5.4 Research Design

5.4.1 Comparative case study approach

When the need is to produce in-depth understanding and description of a complex issue, event or phenomenon in its natural real life context, the value of a case study approach is well recognised (Yin 1994; Merriam 1994; Stake 1995, 1998; Miles and Huberman 1994; Gillham 2001). Many researchers (Yin, 2003, Stake, 1995, Merriam, 1998, Baxter and Jack, 2008) believe this approach should be more widely considered by researchers when 1) an experimental design is either not appropriate to answer the research questions posed or impossible to undertake, 2) the focus of the study is to answer “how” and “why” questions, 3) contextual conditions need to be covered as they are relevant to the phenomenon under study, and 4) the boundaries are not clear between the phenomenon and the context. The present research strategy draws from Burawoy’s (1998) ‘extended case method’ for studies that are at the intersection of labour process and global political economy. Burawoy emphasized that studying micro processes at firm level, i.e., the forces that address the internal environment of the firm such as the vision, mission, strategy, resources, processes, products and services, is not sufficient to understand work and employment outcomes. It is important to understand the macro drivers of changes at contextual level consisting

of global forces (economic developments, demographics, politics, technological developments and social developments) and changes at meso-transactional level consisting of market forces (suppliers, supply and demand, distribution, competitors and strategic alliances) to examine micro processes i.e., work and employment outcomes.

For this study aiming to examine the dynamics of work and employment in the political economy of business process outsourcing, considering the context of the 2008 recession and its aftermath was important. Since Indian BPO is embedded within the transnational flows of capital, technology and knowledge and within the global value chains, it is difficult to separate the phenomenon from the context. The holistic (considering the interrelationship between the phenomenon and its context) and exploratory nature of this inquiry necessitated a broad research remit involving investigations into global political economy, corporate strategy, labour market, locational pattern, work organization and labour process, labour utilization and human resource management policies and practices, the impact of ICTs, and implications of these on employee experiences of work. Because of the complexity involved in the study of the above phenomena, it is difficult to entirely separate variables to be measured and examined under controlled conditions (Zachariadis *et al.*, 2010). Investigating such complex phenomena called for a methodological approach that allowed for a holistic, in-depth investigation (Feagin, Orum, and Sjoberg, 1991) bringing out perspectives from multiple sources of data. The intent of this study was to gain insight and understanding of a particular contemporary situation, a phenomenon specific to time and space (Johansson, 2003) i.e, how the post crisis political economic context affected dynamics of work and employment in Indian BPO, and gain knowledge about causal research questions (how and why) discussed in section 5.1 of this chapter. Thus, a case study approach was adopted to investigate this complex contemporary phenomenon.

Case study is an ideal methodology when a holistic, in-depth investigation is needed (Feagin, Orum, and Sjoberg, 1991). Ragin (2000, 1997) argues that case oriented research is valuable because it allows the researcher to understand complex configurations of factors that may lead to outcomes. Yin (1984) defines the case study research method as “an empirical inquiry that investigates a contemporary

phenomenon within its real-life context” (p. 23). Case studies are multi-perspectival in analyses. This means that the researcher considers not just the voice and perspective of the actors, but also of the relevant groups of actors and the interaction between them. This one aspect is a salient point in the characteristic that case studies possess.

Yin (2003) advocates the use of multiple case studies and describes how multiple case studies can help understand similarities and differences among cases. For the present study, the three case studies selected after initial scoping interviews were representative of three types of offshore providers in India. The three cases allowed the researcher to understand and analyse work and employment dynamics within each setting and across settings in terms of the mode of governance that prevailed in each inter-firm type in the value chains described in Gereffi *et al.*'s (2005) study. The research question posited necessitated the adoption of a comparative case study method to understand the dynamics of work and employment across the three contrasting servicing chain relationships that span the spectrum of offshoring in India and explain how features within the context (post crisis BPO) such as inter firm linkages and ownership structure impact conditions of work and other outcomes for labour and how the effects of post crisis BPO work might differ in extent and character, according to their contrasting servicing supply chains. The three case studies address the same research questions in ‘different settings’ in terms of inter firm arrangements and delivery modes. Each provides a picture of work and employment dynamics in the post crisis context. The analysis of the differences and similarities observed in relationships and outcomes in each setting helped to draw conclusions on how the inter firm linkages are embedded within the logics and shifts of the macro global political economy and account for the variations in work arrangements and employee experiences of work at micro level.

5.4.2 Unit of analysis

Miles and Huberman's (1994) definition of a case as “a phenomenon of some sort occurring in a bounded context brings out that the case is, “in effect, your [an] unit of analysis” (p. 25). The unit of analysis generally defines what a “case” is in a case study. For example, a unit of analysis (case) may be an individual, and the case study

may be the life history of that person. Other units of analysis include decisions, social programs, processes or changes. What unit of analysis to use, generally depends on the primary research questions. For this study, each case is considered as a unit of analysis as each represents a distinctive servicing chain relationship. The aim within the broader objective of understanding post crisis work and employment in Indian BPO is to understand how work and employment might differ in the three case study organisations due to their contrasting servicing supply chains. Within the case, each level (macro, meso and micro) is considered as units of analysis and evidence is drawn from separate data sources – senior management for macro level, middle management for meso level and frontline employees for micro level as detailed in section 5.2 (Conceptual Framework).

5.5 Phase 1 of the Study – Scoping Interviews – Selection of Case Study Organisations

Very limited evidence was found in the literature reviewed of studies conducted on understanding the BPO sector post-recession. A scoping study was undertaken as a preliminary step to investigate and explore this new area of inquiry of exploring specific inter-firm linkages in transnational BPO value chain and its impact on work and employee experiences of work in the post crisis context. Scoping interviews refer to “a small, loosely-constrained, loosely-focused and loosely-structured series of interviews” (Robertson *et al.*, 2012, p. 517). Early scoping interviews have provided a fertile basis for grounding thinking about the larger study. For this study the scoping interviews were designed to evaluate, ground and refine the initial understandings and assumptions (Durick *et al.*, 2013) about the study based on knowledge drawn from earlier studies conducted in the Indian BPO sector and also gain understanding of the different BPO business models operating in India. According to Schutt (2012), when problems are in a preliminary stage, when the topic or issue is new and when data is difficult to collect (evidence from earlier studies in the sector), the goal should be to investigate social phenomena without explicit expectations and keep it exploratory so that research questions of all types - what, why and how - can

be addressed. It can provide significant insight into a given situation (Babbie, 2007) and help scope out the later, larger study.

In this study, early stage scoping interviews particularly helped to identify case study organisations. These interviews helped to understand the substantive issues related to BPO sector work and employment from the respondent's point of view and the items to be included for the larger study to be conducted in Phase 2. The scoping interviews also helped to get ideas about access to organisations, how and when to contact respondents, locate best respondents, determine the duration of interview, and advantages and disadvantages of using informed consent sheets which are explained in the later sections.

Four major cities in India (Pune, Mumbai, New Delhi/Noida and Gurgaon) were identified for the purpose of undertaking data collection for the scoping study because these cities are among the major locations in India where BPO operations are concentrated due to the availability of large talent pool of college graduates (NASSCOM, 2013).

5.5.1 Data collection – Phase 1

An exploratory phase of 26 scoping interviews conducted in Pune, Mumbai and Noida and Gurgaon (from July-September 2013) with 13 senior/middle managers and 13 frontline employees helped identify case study organizations representing the three main servicing chain relationships (Indian third-party, global third-party, in-house). Interviewees were selected to represent Indian BPO's functional diversity (Kuruville and Ranaganathan, 2008), notably between call centre and back-office activity and from Indian third-party firms, multinational service providers and in-house operations ('captives') to ensure that the selected cases are an accurate reflection of the population of Indian BPO.

The first four interviews for phase 1 came through a reference from the researcher's LinkedIn network. This person, henceforth regarded as "key informant (KI)" was contacted through LinkedIn who then agreed for a telephone conversation with the researcher. In KI selection, Howard (1986) advocates to keep a flexible approach and apply selection criteria based on the needs of a particular study. The

reason this KI was contacted was because he was considered an “expert source of information” (Marshall, 1996). The KI occupied a “position of responsibility” (Marshall, 1996) within the IT-BPO sector and had extensive network in the sector from having worked for more than 15 years in Indian and global information technology companies having their own BPO arms. In a 30-minute telephonic conversation with the KI the researcher explained the background, objectives of the research and the conceptual framework in nutshell and sought guidance for access to potential people from the BPO sector who could be approached for conducting scoping interviews. The KI informed that frontline employees in the BPO sector usually have wide network of peers within their own company and also from other BPO companies who work for number of different accounts and clients. According to the KI, frontline employees in this sector are always in the lookout for processes/accounts that are well established, streamlined, makes use of different technology platforms and provide lucrative incentives. As a result, they maintain a wide network of peers and are regularly in contact with them.

The key informant sent an internal message through LinkedIn to his wide network (of 500 members) giving them a preliminary idea about the study and in cases where the potential participants showed interest and agreed for the researcher to contact them, their phone numbers were passed on to the researcher. This way the key informant’s role was objective and unbiased as he did not contact selected few from his close personal network who would have acceded to his request more readily. The first four interviewees were drawn through this process. These participants willingly devoted one to one and half hours of their time to share their thoughts and whole heartedly engaged in the process of the interview. Each of them after their interviews suggested someone who could be approached further for a similar interaction (interview). They also offered to provide further information and help in future if required. However, these participants did not want the researcher to approach their contacts directly. They wanted make sure that the contacts they suggested wish to participate willingly and want the researcher to contact them. Henceforth, a respondent driven sampling was adopted in which one subject gives the researcher the name of another subject, who in turn provides the name of a third, and so on (Vogt, 1999).

Each participant interviewed was requested to provide references of those in their network who would be willing to talk to the researcher. Participants' role was not to only identify their contact and provide names but to also recruit them into the study by checking their willingness to participate in the study. Requests for references from both call centre and back office processes were sought. When multiple references were received from one participant, all references were approached but a maximum of only two references were pursued. This selection of references was guided by the aims and objectives of the study particularly in terms of the BPO business model, call centre or back office process, gender, number of years of experience, and accounts and clients worked for. This recruitment quota built into the study helped avoid oversampling from a particular network of peers or closed circle of peers (Heckathorn, 1997; Atkinson and Flint, 2001) and addressed problems of representativeness giving rise to questions on data quality. Moreover, in order to maintain the functional diversity representing the Indian BPO sector, participants were requested to provide references of their friends or colleagues who either worked for other accounts (processes) with different clients or were working with other BPO companies. In this way the composition of the ultimate sample for the study was wholly independent of those subjects initially chosen and yielded more and less an unbiased sample or reduced the biases associated with referral sampling (Heckathorn, 1997; Van Meter, 1990; Kaplan *et al.*, 1987). The first four interviews led to five more interviews and these five interviewees provided references for six more interviews. From these six interviews references for four more interviews were drawn. These four then yielded four more interviews and these four then led to the last three interviews taking the total number of interviews to 26. At this point, a tentative selection of case study organisations was made, based on the size of the organization, the type of the BPO business model and willingness of the senior management of these organisations to participate in the second phase. Also, from this phase, sufficient information was drawn about data collection sources, how to access these sources and conduct interviews for the larger study (Phase 2).

Participants in phase 1 were given sufficient information about the study orally in a way that they could understand. The purpose was to enable them to exercise their right to make an informed decision of whether they wanted to participate in the

research (i.e. their willingness to be interviewed) and this also helped them overcome initial hesitation to participate or share information. However, only 10 agreed to sign the informed consent sheet. The majority refused to sign the document in the fear of getting identified despite explaining the purpose of why an informed consent sheet is used. Semi-structured interviews of the duration of one hour captured responses/insights of 13 senior and mid-level managers (with more than 10 years of experience in BPO) and also of 13 frontline employees (with an average of 4 years of experience in BPO) from 8 BPO organisations (3 captive BPO, 3 Indian BPO, 2 global BPO) across cities. Going by the protocol of conducting scoping interviews (Stettler and Featherston, 2010) a conversational style was adopted and the questions were covered in whatever order it seemed appropriate. Interviews were all conducted face-to-face as interviews for early stage scoping are best when they can be conducted face-to-face (Stettler and Featherston, 2010).

The scoping interviews were recorded (with the exception of two where notes were taken) with permission from the informants and the results of the discussion were transcribed using a reputed professional transcribing service. Efforts were made to make the interviewees reflect not only on their personal experiences but also on those of friends and family who work in the BPO sector as these sectors represent occupational communities of particular types and these networks act as “sensitive barometers of local labour markets and working conditions within and between firms” (Taylor *et al.*, 2014, p. 110) as ‘members’ in these networks engage in “constant comparisons of pay, conditions and job opportunities” (p. 110). The flexibility in the research design allowed for an exploration of participants’ feelings and attitudes. Interesting experiences of data collection including access issues were documented in a reflective log book/research diary. The aim was to be ‘able to capitalize on chance remarks or unexpected events that propel a new line of investigation’ (Bryman 1988, p. 138).

Among the 26 participants, four had recently finished working in the BPO sector after having worked for a considerable number of years. Majority of the participants (20) had experienced working in the sector both prior to recession and after recession. None of the participants interviewed had less than two years of working experience in the BPO sector. Reliability of the insights shared by the

participants was further strengthened by including employees from various verticals of the sector (vertical representativeness) and the location of their clients and end-customers being predominantly the US and UK.

5.5.2 Data collection challenges in the BPO sector

Conducting research on a politically sensitive topic such as outsourcing could be challenging in terms of data collection (Noronha and D’Cruz, 2009 a, b; Thite and Russell, 2009; 2007; Golpelwar, 2012). A number of issues surrounding organizational access barriers were experienced in the course of the scoping interview phase with the eight BPO companies. A very common and typical experience faced in all the organisations visited was crossing three-tier high security checks, being denied permission to carry mobile or recording devices, and the very strict, ‘robot-like’ organizational atmosphere of the organisations.

Off-shored customer service work often involves dealing with highly confidential information and BPO providers (especially senior management and middle management) are extremely cautious to talk to outsiders and share information or commit to anything that could possibly compromise the established trust, which underpins relations between the lead firms and the clients. Concerns over client/provider confidentiality increased in the wake of damaging international press stories about data privacy. All major BPO companies sign high profile confidentiality agreements with clients. There are severe penalties on BPO resources who knowingly or unknowingly participate in disclosing client sensitive information which is termed as “CID – Client Identifying Data”. All employees working in the BPO sector in India are required to sign non-disclosure agreements with his/her employer. BPO workers or frontline employees interviewed were fearful of negative repercussions if their managers came to know about their interviews and hence wanted interviews to be conducted outside of their work premises in locations convenient for them where they could share their work experiences comfortably and without fear. All participants were assured anonymity, and samples of journal articles on BPO work and employment studies (e.g. Taylor and Bain, 2005; Budhwar *et al.*, 2009 a, b; 2006 a, b; Noronha and

D'Cruz, 2009 a, b) were made available for them to see how respondent identity was kept anonymous.

Entry to BPO organisations and access to BPO workers on the operations floor or inside the office premises was difficult and using conventional approaches had very minimal chance to succeed. The researcher had to know an insider or a group member to get entry and access potential participants and conduct interviews outside the office premises. Everyone from senior management to frontline employees preferred that they were contacted through telephone instead of email. Since official email could be tracked and personal email exchanges bore the risk of the participant getting identified, participants hesitated to share their email addresses. Also, according to the information provided by the KI, the general practice in this sector is to ignore emails from unknown senders unless the sender's name rings a bell or the sender has been referred by a known contact of the recipient.

5.5.3 Findings from phase 1

Besides providing information on BPO business, the interviewees shared their experiences of work and also reflected on issues of attachment, commitment and professionalism. Senior management and middle management interviewees focused their discussion mainly on increased and rapidly changing client expectations and demands, need for increased efficiency and use of technology platforms, cost reduction strategies adopted, strict resource allocation and objective performance tracking mechanisms. Issues of relevance for senior management and middle management were increasing operational efficiency, performance metrics, client management and strengthening relationship with clients. HRM practices that emerged out of the interviews as most relevant to examine in the post crisis BPO work context were training, performance management, rewards and recognition and employee engagement activities. Increased client expectations and demands triggered changes in these functions. Scoping interviews also revealed that employee experiences of work, their observations and assessments about working conditions in terms of nature of work, clients they cater to, rewards and recognition and employee engagement activities, and their professional identity differed to an extent based on the organization

type – Indian, Global or Captive. Common issues of relevance to them were changing scope of work, increased work pressure, stringent performance management, lack of feedback and support from managers, and reward and recognition systems.

The scoping interviews helped immensely in getting an idea about the state of work and employment conditions in Indian BPO in the post crisis context in general. The preliminary findings were also indicative of the differences existing in working conditions due to inter-firm sourcing arrangements. Keeping in mind the conceptual framework (detail in section-2 of this chapter), the scoping interviews helped identify the data sources to gather relevant information. Senior management (SM) from organizations were identified as a data source for gathering information about clients, inter-firm relationship and post crisis recovery strategies adopted. Middle management (MM) was identified as a data source for gathering information about how the strategies were operationalized and what people management practices were adopted. Frontline employees (FLEs) were identified as a data source for gathering information about how work was experienced in the context of increased client demands and expectations and the post crisis recovery strategies adopted.

As described before, scoping interviews were conducted in preparation to identify the case studies that form the main basis of this study. The organisations identified for the research study were assigned pseudonyms to protect them from being identified. The three organisations identified were *IndianCo.*, *GlobalCo.*, and *CaptiveCo.* (see Table 5.1). Out of the eight organisations that the researcher could get participants at the scoping stage, these three were large, well established major BPO players with a strong presence in the global sourcing market representing three major BPO business models operating in India. Often, in case study research, Ragin (1997) argues that the cases are purposefully selected because of their significance. The senior management interviewed from these companies showed willingness to participate in the larger study when approached. However, written consent could not be obtained. Senior management offered to help informally at a personal level.

Table 5.1: Comparative Case Study Profiles

Business Model	<i>IndianCo</i> (Third-party Service Provider)	<i>GlobalCo</i> (Third-party Service Provider)	<i>CaptiveCo</i> (Offshored In-house Operation)
Headquarter	India	US	UK
Source of work	Multiple Clients	Multiple Clients	Core Centre
Client base	Weak	Strong	N/A
Relationship	Evolving	Established	Evolving
Business volumes	Moderate to High	High	High
Nature of business	Back-office (risk management, analytical support etc...)	Call centre (omni-channel techniques, use of analytics)	Back-office plus core jobs – use of complex technology related to global banking

5.6 Phase 2 of the Study

5.6.1 Introduction to the three case studies

5.6.1.1 *IndianCo*

IndianCo is a well-known third party BPO service provider head quartered in India and offers BPO services to multiple clients from across more than 10 countries (*IndianCo's* Annual Report, 2013-14). Though *IndianCo* is not considered the biggest player in BPO business but is a significant player among the Indian third party service providers. It is a fully owned subsidiary of a major Indian multinational IT services company which is considered a global leader in consulting, technology and outsourcing solutions. *IndianCo* only represents 8 to 10 per cent of the Indian multinational company's business and is valued more as an investment business by the

parent IT company rather than a mature business. Fourteen years old, *IndianCo*, depends on the client base of its parent company to a great extent to get business. About 60 percent of *IndianCo*'s business comes from clients' of parent company. Majority of its clients are located in North America and Europe (*IndianCo*'s Annual Report, 2013-14) from where *IndianCo* earns 82 per cent of its revenues. With economic volatility it has faced challenges in terms of changing client requirements, changing regulatory measures, and technological disruptions affecting the industry particularly "delivery based disruptions such as automation, machine learning and artificial intelligence" (*IndianCo*'s Annual Report, 2015-16, p. 4). In trying to build its own client base, "increase pipeline and growth", *IndianCo* "is looking to do things over and above our [its] contractual commitments to our [its] clients" (*IndianCo*'s Annual Report, 2015-16, p. 4). *IndianCo*'s claimed objective is to emerge as a trusted and valued collaboration partner for clients. In trying to do so it plans to expand its delivery centres across the globe and give clients the flexibility to take their operations to any market. According to the members of its leadership team who spoke in the BPM Strategy Summit, the company is trying to expand globally and increase its global footprint so that it can cater to client needs across functions, languages and time zones quickly and with greater flexibility (NASSCOM BPM Strategy Summit, 2013).

Post 2008 economic crisis, *IndianCo*'s priorities reported have been to minimize operating margins, bring versatility to their business portfolio, add new services, renew the existing ones and implement rapid automation across different service lines, and drive end-to-end transformation for its clients using technology prowess and deep domain expertise (*IndianCo*'s Company Brochure, 2014).

It has a strong presence in retail and consumer products, banking, insurance and manufacturing industry verticals, in addition to the horizontal BPO areas of analytics, sourcing and procurement, and finance and accounting. Most of its revenues come from Finance and Accounting BPO, Financial Services specific BPO and Customer Management BPO. It offers both voice and non-voice services with strong focus on back-office services in the recent years. In order to focus on more value-added 'non-voice' work in India *IndianCo* reports to have significantly scaled down its 'voice' business and have shifted its call centres, servicing US and UK clients, to one

of the BPO locations outside India known for providing voice based support (Press Release, *IndianCo's* Newsroom, 2013).

5.6.1.2 *GlobalCo*

GlobalCo is a global third party service provider headquartered in the United States. It claims to be a company with strong customer services orientation and prides itself of having built strong client relationships. It has achieved continuous growth for more than 16 years now and claims to be a frontrunner in the customer relations industry. Post 2008 economic crisis, it has continuously expanded its geographic footprints through major acquisitions worth millions of dollars (*GlobalCo's* Company Website, Newsroom, 2016).

The company delivers a broad range of customer solutions which include technology, business analytics and consulting. Its claimed objective is to help clients to improve their customer loyalty, reduce costs, and generate revenue through an extensive portfolio of capabilities including customer care, analytics, tech support, collections and end-to-end selling. Its customer management services are tailored to provide financial services, services in technology, retail, and healthcare. Its Information management services provides convergent billing and business support system, revenue management, product and order management, and customer care management to telecom, utilities, and cable/satellite/broadband service providers.

It has a strong presence in India with offices in all major cities and towns where BPO operations are concentrated. Post 2012 *GlobalCo* made millions of dollars of investments in real estate in India to expand its centers, re-modify some of its real estate as well as add more centers. It delivers voice services and back-office processes for an established and high-profile client base from its sites in major tier 1 and tier 2 cities in India. Its priority call centre business is increasingly complemented by multi- or omni-channel services, given client demand for chat, email and social networking.

With an extensive global footprint, it has more than five times the number of delivery centres than *IndianCo* and four times the number of employees. Its total revenue exceeds more than five times that of *IndianCo's* (*GlobalCo's* and *IndianCo's* Company Website, 2016).

5.6.1.3 *CaptiveCo*

CaptiveCo is an in-house provider (known as “Global In-house Centre” or GIC) of a UK-based multinational banking and financial services company. The parent company, i.e. the bank operates in over 50 countries and employs approximately the same number of employees as *GlobalCo*. It is a universal bank with operations in retail, wholesale and investment banking, as well as wealth management, mortgage lending and credit cards. A universal bank participates in many kinds of banking activities and is both a commercial bank and an investment bank as well as provides other financial services such as insurance. The bank is listed on the London Stock Exchange and has secondary listing in the New York Stock Exchange. The bank made numerous corporate acquisitions and expanded from being a nation-wide bank to becoming one of the largest banks worldwide (Fiano, 2012). The bank has been facing a challenging operating environment under changed regulatory and economic conditions post 2008 economic crisis. In order to strengthen the bank’s capital position, boost returns and increase shareholder value, the bank focused on working cost effectively and embarked on a group-wide transformation project (*CaptiveCo’s* Company Website, 2014).

As a centre of excellence, the bank’s Indian site or the in-house operation which is 10 years old provides strategic programmes, such as the overhaul of payment processing across the bank’s branches or the development of secure internet banking for corporate customers. The Indian in-house operation employs less than 6000 employees and provides end-to-end support to the bank’s retail, corporate and investment banking and wealth businesses. Its services range from end-to-end programme management for enterprise system development, to global remote infrastructure management of major services. The bank claims to have recruited top talent from some of the world’s fastest growing emerging markets in Asia Pacific to staff its in-house centre (*CaptiveCo’s* GIC Company Website, 2016). Committed to increasing shareholder value and strengthening its capital position the bank (the parent company) took several actions to realign its Indian business that led to job cuts and a reshuffling in top management roles.

5.6.2 Data collection – phase 2

To ensure that a study remains reasonable in scope it is suggested that there are boundaries established in terms of time and place (Creswell, 2003). The intensive phase of data collection for the three case study organizations was undertaken from December 2013 to January 2015. Three case study organizations representative of the BPO sector in India were identified from the scoping interviews (see Table 5.1). Evidence was gathered from a Global service provider (*GlobalCo*), an Indian third party service provider (*IndianCo*) and a Captive or in-house Center (*CaptiveCo*) located in Pune to understand work and employment in the post-crisis context. Extended semi-structured interviews of the duration of one to one and half hours were conducted with senior management, middle management and frontline employees in the three case study organisations over a period of one year starting December 2013.

Phase 2 of study was restricted to one major BPO location in India i.e., the city of ‘Pune’. Pune has emerged as a prominent BPO hub for information technology majors and has also been a preferred destination of choice for back offices of global banks and other major BPO companies because of its proximity to Mumbai, urban infrastructure facilities, large availability of skilled resources, lower labor cost compared to other Indian BPO cities, a temperate climate throughout the year and better local travel and housing facilities. The city also has lower real estate costs and a low cost of living (“Outsourcing to Pune”, 2017; John and Phadnisi, 2014).

For the second phase of the study respondent driven sampling was relied upon as it not only helped increase the number of participants in the process but also helped to penetrate and reach those who had rich information to share but would not have done so if not approached through a trusted referral. For each of the case study organisations, at the end of each interview the respondent was requested to provide references of one or two more employees who he/she thought would be willing to talk to the researcher. The method adopted was similar to the one adopted in Phase 1 of the study (Section 5.5.1). As accessing the population of BPO employees is difficult, more direct methods would have resulted in low response rates and in responses that lacked candor.

In total, 77 semi-structured interviews were completed with 19 senior management employees, 22 middle management employees and 36 frontline employees with even spread across cases (Appendix 1, Table 5.2) within the budgeted time of one year for data collection. A National Centre for Research Methods (NCRM) review paper (Baker and Edwards, 2012) gives a numerical guidance to conduct between 20 to 60 (50 for PhD study) interviews for an interview-based qualitative study. In *Social Research Methods* (Bryman 2012, p. 425) the minimum number of interviews suggested for an interview based qualitative study is between 20 and 30. However, Gerson and Horowitz (2002) suggest that “fewer than 60 interviews cannot support convincing conclusions and more than 150 produce too much material to analyse effectively and expeditiously” (p. 223). Thus, it was aimed to have more than 60 interviews but less than 100. Crouch and McKenzie (2006) assert that epistemologically, when the objective of the research is to scrutinize “the dynamic qualities of a situation (rather than elucidating the proportionate relationships among its constituents), the issue of sample size and its representativeness - has little bearing on the project’s basic logic. The aim is to clarify the nature of some specific situations in the social world, to discover what features there are in them and to account, however partially, for those features being as they are” (p. 483).

Ethical approval from the University of Strathclyde was sought prior to embarking on the field work and constant guidance (over email and Skype call) was received from supervisors during the period of data collection.

5.6.3 Data collection tool

Interviews were used as the tool for data collection. The choice of the interview method as the primary source of data collection reflects the ontological-methodological link that lies at the heart of the critical realist perspective as discussed by Danermark *et al.* (2002). The use of interviews as the primary data collection method is considered appropriate for a number of reasons. Firstly, interviews allow for the difference between the real, actual and empirical domains that make up reality from the critical realist perspective to be explored and discussed with each individual. Secondly, use of interviews reflects this study’s view that the Indian BPO sector is an

open system that is subject to the influence of its external environment; hence it would be inappropriate to use an alternative method such as experimentation that seeks to isolate issues for investigation by manipulating events. Thirdly, interviews allow the areas of research interest to be examined in context supporting the critical realist perspective that in order to understand a phenomenon, social reality cannot be reduced to either individual or societal levels. Instead, it must be considered holistically. Finally, the interview environment facilitates the assumption that individuals act of their own accord and their behaviour is integral to gaining an insight into the generative mechanisms that underpin their relationships (Ackroyd and Fleetwood, 2000; Tsoukas, 2000).

Personal interviews offered the most effective mode of data collection for this research because they involved “asking questions of those who have information about a phenomenon that the researcher has not been able to observe directly” (Snow and Thomas, 1994, p. 460). Moreover, personal interviews yield a higher level of willingness to participate and more detailed information than impersonal questionnaire (Miller, 1991, Sturges and Hanrahan, 2004). For the purpose of this research, personal interviews were conducted based around a set of open-ended semi-structured questions. Separate sets of interview questions for senior management, middle management and frontlines employees were prepared based on prior literature reviewed to identify core themes such as increased globalisation of businesses and relocation or offshoring of business processes to cheaper locations, India as a principal destination of choice for relocating business, types of BPO business models, nature of Indian BPO work, management and HRM practices in the sector, and employees’ experiences of work. Drawing from the scoping interviews conducted (in Phase 1), industry reports published, company reports of case study organisations and information obtained from the company websites, key areas of focus were identified - client expectations and demands, changing scope of work, technological disruptions, relationship with clients, organization and management of work and HRM practices particularly performance management and appraisal systems, training, employee engagement activities, and rewards and recognition systems followed in these organisations.

In each case study, questions for senior management were geared towards understanding company history and structure, factors driving, facilitating and inhibiting company and industry growth, their ways of coping with the financial crisis and also to gain insights to current employment relations and labour market conditions. The interview schedule was divided in four sections – 1) Introduction and personal background, 2) Information about interviewee's company, 3) Information about global market and competition, and 4) Post-crisis BPO business and employment relations with particular reference to the case study organization (Appendix. 2). Questions for the middle management (operational managers, assistant managers, team leaders and HR managers) were designed to understand the issues they faced in managing operations in their organization post-recession and what HR policies and practices they implemented with regards to workload manageability, performance monitoring, training, employee engagement and reward and recognition. The interview schedule for middle management was divided into three sections – 1) Introduction and personal background, 2) Information about interviewee's company and, 3) Post-crisis work and people management (Appendix. 3).

For frontline employees, questions focused on understanding their experience of work particularly in terms of working conditions, pay and incentives, nature of work, customer dealings, learning and development, performance appraisal, job opportunities and career development and corporate culture of the organizations they worked for. The interview schedule for the frontline employees consisted of three sections – 1) Introduction and personal background 2) Information about interviewee's company and 3) Post-crisis and work and employment (Appendix. 4).

5.6.4 Study participants and data quality

Despite practical difficulties in accessing participants from the BPO sector, more than 20 interview participants could be drawn from each case study organization (Table 5.2). A total of 27 interviews were conducted in *IndianCo* which included 7 senior management, 7 middle management and 13 frontline employee interviews, and 22 interviews were conducted in *GlobalCo* including 5 senior management, 7 middle management and 10 frontline employee interviews. Out of 28 interviews conducted in

CaptiveCo, 7 were senior management, 8 were middle management and 13 were frontline employees. At the time of data collection, all frontline employees interviewed in *IndianCo* and *GlobalCo* were working in either an US or an UK account catering to American or British customers.

Table 5.2: Distribution of Total Interviews Conducted Across Three Case Studies

Name of the case study organization	Total number of Interviews	Number of Senior Management (SM) Interviews	Number of Middle Management (MM) Interviews	Number of Frontline Employees (FLE) Interviews
<i>IndianCo</i>	27	7	7	13
<i>GlobalCo</i>	22	5	7	10
<i>CaptiveCo</i>	28	7	8	13

In this study, a senior management employee is denoted as ‘SM’, a middle management employee as ‘MM’ and a frontline employee as ‘FLE’. Participants from each case study are identified using a code consisting of organization name (*IndianCo* denoted as I, *GlobalCo* denoted as G and *CaptiveCo* denoted as C), followed by participants’ group (SM, MM, FLE) and participants’ number (1, 2, 3 ...). For example, the second senior management participant from *IndianCo* is identified or denoted as I-SM2; fifth middle management participant from *GlobalCo* is identified as G-MM5; tenth frontline employee from *CaptiveCo* is identified as C-FLE10.

To produce a fine grained account of work and employment in the BPO sector post-crisis, it was important that senior management and middle management interview participants gave detailed accounts of BPO business in the post crisis context, their current company’s business in relation to that, strategic priorities, execution of the priorities, operational challenges and people management strategies

adopted. It was important that SM and MM participants had a considerable number of years of experience (at least 6 to 7 years) working in more than one BPO company or offshore service providing companies, and had relevant educational qualifications. It was assumed that with minimum 6 to 7 years of experience and education beyond basic bachelor's degree, SM and MM participants would have experience of handling or managing varied client accounts from across different verticals and would have some international experience of working at US and UK clients' sites. For the frontline employees, it was aimed for them to have minimum 2 years of experience to be able to share reliable accounts of their work experience. It would be early for someone in their first year of work to develop understanding about the scope and nature of their work and have valuable experiences and insights to share.

Table 5.3 provides a numerical overview of the range of number of years of experience in BPO sector for SM, MM and FLE groups in the three case study organisations along with their average number of years of experience in BPO and in current company i.e., case study organization.

Table 5.3: Numerical Overview of Experience of SM, MM, and FLEs in Three Case Study Organisations

Case Study organization and Groups	Range of Experience (in years) in BPO	Average number of years of experience in BPO	Average number of years of experience in current company
<i>IndianCo</i>			
SM	8 -16	11	8
MM	5.5 – 14	10	6
FLE	1.5 – 7	4.5	2.5
<i>GlobalCo</i>			
SM	9 – 23	11	9.2
MM	7 – 15	10	5

FLE	2 – 12	5.8	3
<i>CaptiveCo</i>			
SM	12 – 18	14	4.5
MM	2 – 15	10	4.5
FLE	5 – 9	7	3

All senior management participants (except for one in *CaptiveCo*) in the three case study organizations came from varied work backgrounds with considerable numbers of years of work experience outside the BPO sector and all had international work experience (Appendix. 1, Table A1.1). All participants were male with age range anywhere between 40 and 53. Among the senior management participants in *CaptiveCo*, three had earlier worked with third-party service providers and the rest had come to *CaptiveCo* from having worked with captives of other foreign banks before.

Amongst all the middle management participants (22) almost 50 per cent had experience of working outside BPO sector before and quite a few (36 per cent) had international work experience in relation to working in BPO. For the middle management the age range was between 28 and 37 and all participants were male (Appendix. 1, Table A1.2). Seventy per cent of middle management participants had experience managing both voice and non-voice process and had started work in the sector as a call centre agent. At the time of data collection, only those working in *GlobalCo* (7 participants) were managing voice processes.

A majority of FLEs (85 per cent) had experience of starting work in the sector as a call centre agent. Almost 70 percent of the FLE case study participants at the time data collection were working in back office processes or were responsible for managing back office processes. The mean age of entry level employees included in the study was 25. Of the front-line employees interviewed, 12 were female and 23 were male (Appendix. 1, Table A1.3). While women were well-represented in entry-level roles in the industry, they seemed to drop out from the workforce as they started to progress through the ranks. Earlier studies (Scholarios and Taylor, 2011) highlight that in typical call-centre employment, women are under-represented at management

levels. Despite making conscious efforts, no one could provide reference of a female employee in the middle or senior management level. Hence, all middle- and senior-level management interviewed were male.

In each case study, with a small number of participants in each group (SM, MM and FLE) the researcher was able to build and maintain a close relationship with each group and have open and frank exchange of information. Crouch and McKenzie (2006) propose that a small number of participants facilitate the researcher's close association with the respondents, and enhance the validity of fine-grained, in-depth inquiry. This they argue can help mitigate some of the bias and validity threats inherent in qualitative research. For the senior management and middle management group in each case study "saturation of knowledge"¹² (Bertaux, 1981, p. 37) occurred after a small number of interviews. For the senior management and middle management groups in each case study organization, "saturation of knowledge" occurred after 3 interviews and 5 interviews respectively. Saturation occurring with a small number of interviews in these two groups can be attributed to these groups' expert knowledge about the sector and their organization. Senior management interviewees by the virtue of their positions were experienced (Appendix. 1, Table A1.1), well informed, knowledgeable, and capable of making decisions and influencing processes within their organization affecting work and employment. Middle management was the most informed source when it came to operationalizing new strategies and priorities. This group had considerable years of experience in the BPO sector (Appendix 1, Table A1.2) and was well-informed of their companies' strategic reorientation post 2008 economic crisis and aware of the challenges faced in operationalizing the strategies.

A great deal was learnt from the first few interviews. These two groups were informed and homogenous¹³ groups. By the fourth and the sixth interview for SM and MM respectively, information obtained was similar in nature and confirmed what was known earlier from the previous interviews. For each case study organization, there was variability in the data for each group but it followed similar patterns linked to straitened economic conditions and then reviving business demand, each company

¹² By "saturation of knowledge" Bertaux does not mean aiming for theoretical saturation.

¹³ Homogeneous means a particular "position" or level (e.g., top level executives) in the organization, a particular type of employee (e.g., customer service representatives), and likewise (Latham, 2013)

redefining its priorities, operationalizing new priorities and strategies to increase productivity. However, to ensure saturation it was necessary to go beyond the point of saturation to make sure no new major concepts or information emerged in the next few interviews (Latham, 2013; Guest *et al.*, 2006). Frontline employees being another homogenous group but with experience of work in BPO sector ranging from 1.5 years to 12 years, patterns in interviewees' experiences were recognized by the 8th or 9th interview in each case study organization. More interviews only confirmed what the researcher had already anticipated based on the earlier interviews conducted (Bertaux, 1981).

5.6.5 Data collection process

Those who agreed to participate were contacted through telephone to schedule an interview, and brief information about the research was provided to them. Each interview was scheduled for duration of one hour to one and half hours. Quite a few of the senior management interviewees wanted to get an idea about the interview questions before they could agree to the interview taking place. In such cases a few sample questions from the interview schedule was told over the phone. Due to the industry working round the clock in shifts with extended working hours (widely evident in the industry) interview appointments got scheduled at any time of the day or night whenever participants could find time to talk. Keeping personal safety in mind effort was made to schedule interviews only until 10 pm or reschedule it on a different day which proved to be difficult at times. Despite making repeated efforts to reschedule, 3 interviews could not be conducted due to non-availability of mutually convenient time slots.

To ensure consistency of questions and accuracy of note taking, a master copy of interview questions was used for each interview. At the start of the interview all participants were again informed about the research briefly and about the duration of the interview. They were also assured that their participation would be completely anonymous and that the conversations would be treated with confidentiality. They were also made aware of the ethics approval gained from the University of Strathclyde for conducting the research study. Participants were informed that they could

discontinue with the interview at any point and ask for the data to be destroyed. They could also withdraw their participation at a later point if they so wished.

Almost all senior management interviews (except 5) got scheduled through their personal secretaries. Interview appointments at 8 or 9 in evening were quite common. These interviewees at SM level were too busy to spare time in the morning or in the afternoon. These interviews mostly took place in the conference rooms within the office premises where no portable or mobile device was allowed and hence the interviews could not be recorded. Extensive notes were taken to capture all important points and quotations and structured broadly by the thematic sequence of the interview questions (for SMs) to ensure consistency. For each question the system followed was to note for people mentioned, thoughts and feelings expressed, experiences shared and action taken. The notes were reviewed the very same day recalling the points covered in the interview. Byron (1993) argues that writing provides a weaker description of the interview, but potentially more detailed off-the record information. The following testimonial from a senior management interviewee from *IndianCo* provides evidence of this point: “*I think that is a very good question you have raised ...*” and “*That’s a very relevant question again ... Its again off the record that I am sharing this ...*” (I-SM5)

These interviewees were asked at the end of the interview if they would be willing to go over the final notes prepared from the interview. The objective was to get a “member check” (Lewis-Beck *et al.*, 2004) done to confirm whether all information shared was documented correctly, and adequately reflected interviewees’ views and opinions. Time was a major constraint in this regard for these interviewees. So they were then requested if they could be contacted over telephone in case the researcher needed some clarification on points discussed to which all agreed except for 2 SM interviewees who told they will not be available due to work related travel abroad. Visits to these organizations had to be planned well in advance due to stringent measures adopted by the organizations to maintain security and compliance standards over concerns of CID (Client Identifying Data). Approval to enter the organization had to be sought in writing from the Director level followed by a 3-tier entry security check on the day of the visit. Only 5 interviews could be recorded since these SM

interviewees agreed to meet outside the office premises at a mutually convenient location.

Interviews with middle management participants also took place outside office premises as it was impossible for them to spare any time for interview during their busy, hectic working hours. Entry level employees were also more comfortable speaking outside of the office premises (mostly coffee shops such as Barista or Café Coffee Day) during weekends or during their off days. Their shift timings were mostly in the evenings or nights or starting early hours in the morning. The breaks were for a very limited time which made it difficult for them to concentrate or focus on the interview. Cafés and restaurants were convenient, safe, and neutral places to meet and participants felt more relaxed to talk in this environment during weekends. Most of the middle (15) and entry (28) level interviews were recorded with permission from the interviewees. To gain confidence of the participants and minimize any undesirable effects of having the interview recorded, the purpose of the recording was explained. The reasons cited were ease of capturing the entire information shared by the participants, not missing any valuable data and being able to fully focus on the face to face interaction and listen and respond better to participants. In 15 cases, extensive notes were taken as these research participants were not comfortable having them on tape and were also wary of signing the informed consent sheets. However, when they got to “talk off the record” without a recording device, they felt more relaxed and opened up. Peabody *et al.* (1990) found that people are more likely to talk “off the record” without a recording device. To create the right atmosphere to enable participants to express themselves openly, adopting a less formal and less rigid approach seemed right and appropriate to elicit data. Also, the semi-structured format of the interview allowed the freedom to go beyond the initial responses of participants and helped to probe further by asking why, how, and in what way. For example, when many frontline employees in *IndianCo* reported that they get paid less night shift allowance than other members in the team, probing further brought out that this was due to the status difference that exists between the employees of the parent IT company and its BPO counterpart. It also helped to understand an important work arrangement that the company adopted post crisis to reduce cost and headcount from IT projects. BPO employees are made to work on IT projects of the parent company but do not get

paid at the rate at which parent company employees get paid despite working in the same team. In *GlobalCo*, FLEs spoke greatly of the lucrative incentives received from high profile clients. It is only after probing that related issues of work pressure, fear of not meeting targets, losing incentives, and self-esteem issues surfaced.

FLEs were asked to reflect both on their own experiences and of those friends and family working in the sector as this sector represents occupational communities of particular types and form city-wide occupational networks which act as “sensitive barometers of prevailing local labour markets and working conditions within and between firms” (Taylor *et al.*, 2014, p. 110). In these networks members engage in constant comparisons of pay, conditions and job opportunities.

At several points during an interview, the participant was asked to confirm whether the understanding gained by the researcher on the responses were correct. At the end of each interview, each participant was thanked for their contribution and insights and asked if they had any further thoughts or comments they wished to add or felt were important issues to be considered. While some felt they had nothing further to add, others took the opportunity to reemphasize points they had made earlier during the discussion. There were others who conveyed that they enjoyed the discussion and would be interested in knowing the findings from the study. As part of the closing pleasantries each participant was asked if they had any comments to make about the interview itself or the way in which it had been conducted. No particular issues or comments were made in this regard. Almost all of the respondents agreed to be contacted again and provided references of others who could be contacted for an interview. There were four instances when FLEs did not show up for their scheduled interviews and did not pick up their phones when contacted. One middle management employee also cancelled his interview due to work related pressure.

5.6.6 Secondary sources of data

Potential data sources for this study were not just limited to drawing information from senior management, middle management and frontline employees of the three case study organisations. These also included visits to organisations, referring to company websites, annual reports, NASSCOM (National Association of Software

Companies) reports, media reports and notes from the industry conference – “NASSCOM conference - BPO Strategy Summit 2013”. Extensive background data on company history, operating procedures, and employment policies and staff characteristics were gathered from these sources.

The industry summit was attended in 2013 September and it provided opportunities to network, hear what industry experts had to say and learn about business dynamics and trends in the industry. By attending keynotes and breakout sessions, hearing from presenters who were subject-matter experts of the industry, a great deal of information was gathered about the current state and, future aspirations of the industry, and the challenges faced by the industry post crisis. The knowledge obtained helped the researcher to prepare well for conducting senior management interviews and probe for insights into changing client requirements and “what”, “why” and “how” of the strategies adopted post crisis. Zuckerman (1972) advised that researchers should do their homework and project positive impression in order to gain respect and improve quality of responses of such elite interviewees. Six references of senior management participants (for *IndianCo* and *GlobalCo*) were received in this industry summit by approaching personal secretaries of these senior management participants who accompanied them.

5.6.7 Reflections on data collection

The data collection exercise was a learning experience and on reflecting back some important points come to the forefront. In order to collect high quality data it was important to gain the trust of the research participants particularly when participants have high professional bindings in terms of non-disclosure agreements signed with their employer and severe penalties for any instances of breach. Since trust is built up over time, an attempt was made to build rapport with the participants from the moment the first contact was made with the participants. The data collection period from July 2013 to January 2015 provided a prolonged and intense exposure to the phenomenon under study within its context and helped establish rapport with the participants. It was important to be transparent and provide participants with as much information as possible such as the researcher’s background, the purpose of the study, the researcher’s

university and name of the supervisors under whose guidance the research was being conducted, duration of the interview, examples of questions, how the data will be used, where the results will be disseminated, and how participant confidentiality will be ensured. There was also a guarantee of anonymity in the use of any examples and quotes from interviews. Giving a choice to opt out of the interview at any time or decide to withdraw participation after having done the interview had put the participants at ease. Adopting a less rigid and flexible approach in terms of accommodating requests to not record interviews or sign informed consent sheet also helped in building trust. Adopting a rigid and non-flexible approach would have compromised data quality with responses lacking candor and would have also been considered as an intrusion into the autonomy of the study participants.

The researcher's Indian background, familiarity with BPO work and employment context and rapport built with the participants using local language helped in reducing "social desirability bias" (Grimm, 2010) in the interviews. This bias arises from the participant's natural desire to provide socially acceptable or desirable answers in order to project a favourable image to the researcher. It also stems from fear of repercussions and leads respondents to falsify responses or answers. In the case of the BPO sector where employees are required to strictly adhere to the non-disclosure agreements signed with the employer, speaking to an outsider about business processes and work and employment experiences is considered quite risky. There were chances of participants providing incorrect information to protect themselves and conform to the needs of the non-disclosure agreement. However, with an Indian background, it was easier for the researcher to blend in with the participants and build rapport with them which helped in reducing the perception of risk involved in talking to an outsider. This way the chances of falsifying responses to interview questions were reduced. Also the researcher's knowledge of the nature of work and business trends in the BPO sector and use of familiar terms and abbreviations, examples of common employment practices in the sector, and making casual references to what was said in the BPM Strategy Summit decreased the likelihood of participants providing incorrect information, hiding information or camouflaging responses.

The now common practice of referring to individuals who serve as data source for research as 'participants' rather than 'subjects' recognizes their active role and

acknowledges the autonomy and agency of these individuals in contributing to the research (The British Psychological Society (BPS), 2010). Qualitative studies conducted in the context of healthcare, medicine and psychology emphasized the importance of prudently articulating the purpose of the study to motivate people to take part in the study (Holloway and Wheeler, 2010) and provide valuable information to the participants. Many people consider it necessary to participate in such research studies as their participation and information provided will benefit the field of study or can contribute to the improvement of conditions that are of importance to the participants (Sanjari *et al.*, 2014). Participants for this study were motivated by highlighting the emancipatory approach that work and employment studies bear and the policy implications such studies have for improving work and employment conditions.

Although Miller (1991) reports on public opinion interview findings that suggest that interviewees lose interest after about 45 minutes, the experience of the researcher did not support this finding. Interviewees willingly and enthusiastically participated in interviews of the duration of one to one and half hours. To engage participants' attention and stimulate greater responses, employing phrases such as, "Interesting! tell me a bit more" or "Really! can you please explain" or "can you describe that for me, sounds interesting" were useful. Also subtle non-verbal hints such as showing excitement in one's eyes could encourage the participants to continue thinking and stimulate responses. Towards the end of interviews some participants tended to become less detailed and focused with their responses. To help avoid this, one strategy was to occasionally state approximately how much longer the questions will take. It also helped to repeat what the participant said to confirm understanding gained by the researcher on the responses. It not only gave participants a little break from speaking but also helped to bring their focus back and provide more details.

To project a positive impression and therefore obtain quality responses from participants it was important to prepare well for the interview. For senior management and middle management interviews particularly, time was spent preparing for each interview by studying the background information of participants available through LinkedIn profiles, reports about the case study organisations in media, and visiting company websites. For those senior management interviewees whose LinkedIn

profiles were not available, the researcher called their personal secretaries to get brief information on their professional background and work experience which personal secretaries willingly obliged. They were told that it was part of preparation for the interview and in this way the researcher does not have to spend time to collect background information and the allotted interview time can be judiciously used to focus on important questions. The preparation for interview was important for two reasons: firstly, to make best use of the time available and secondly, to maintain professionalism during the interviews.

Senior management and middle management participants worked extended hours and their typical work day normally ended by nine or sometimes even at eleven in the night. The interview appointments scheduled late in the evenings worked in researcher's favour as there were minimum distractions during this time for these participants in the form of phones ringing or secretaries walking in with some urgent work or having the rush to attend a meeting.

A good way of gauging how well an interview was conducted was to see how forthright the interview participant was at referring other participants. If the interview experience is not positive for the participant he or she would refrain from providing references of other participants. References received from almost every interview participant only confirmed that the participants trusted the researcher, found the interview experience positive and the questions asked pertinent and interesting and thus did not hesitate to provide references of their colleagues and peers in the sector.

5.7 Data Transcription

Keeping ethical matters related to confidentiality of participants in mind, the digital recordings of the interviews were transcribed personally by the researcher over a period of six months. Transcribing the data personally helped engage with the data and provided the basis on which the data gathered can be coded and analysed. Many have argued that transcribing one's own data helps the researcher to stay immersed in the data (Bird, 2005; Rapley, 2007; Tilley, 2003; Tilley and Powick, 2004). In order to provide a complete, transparent picture, each interview was transcribed verbatim by the researcher. Although it is impossible to represent the full complexity of human

interaction on a transcript, listening to the ‘original’ recorded data brings data alive through appreciating the way that things have been said as well as what has been said.

The transcripts of the interviews were completed within four weeks of the interviews taking place. The identity of participants and their organization was protected using a systematic method of coding – for example, C-MM2 means middle management number 2 from case study *CaptiveCo*. For each transcript, a unique identifier was used – for example, C-SM2, which is identified as the transcript of the second senior management participant interviewed from *CaptiveCo*. A uniform and consistent layout was maintained for all the transcripts with numbered pages. Each transcript consisted of a document header or cover sheet with interview details such as date, place, interviewer name and interviewee details (age, gender, educational qualification, years of work experience in BPO, and current position). Speaker tags were used to indicate the question and answer sequence and pseudonyms were used to anonymise personal identifying information. This specific transcription protocol was used to ensure consistency in transcripts developed for analysis (McLellan *et al.*, 2003).

From a data reliability perspective, there are number of issues raised with transcription because although transcription is intended to transform the spoken word “into neat, typed copy”, it is often criticised for its propensity to introduce issues of “accuracy, fidelity and interpretation” (Flick, 2007b, p. 11). Issues of transcription quality and trustworthiness are central to transcription of interview data. In this regard, Grundy *et al.*, (2003) considered the contribution that the use of research participants can make to the trustworthiness of studies and the effectiveness of the transcription process and suggested “participant- as – transcriptionist” method where participants serve as transcriptionists with editorial control from the researcher. Keeping this in mind and drawing from this approach, the researcher called up to ask the participants if they would be interested in reading their interview transcripts and provide feedback about the correctness of interview content. It was thought that adopting this approach would also induce a sense of “collaboration” and “inclusiveness” of participants in the research. However, time was a major constraint for the participants working extended hours and in different shifts. Out of 25 participants called, 11 participants (4 SMs, 2 MMs and 6 FLEs) volunteered to read the transcripts to see if their views and

experiences were correctly documented. These participants did not raise any issues with the transcribed interview data. Accuracy in transcription was also derived from the researcher's experience of having undertaken transcribing work for a reputed research institute in the past.

With regards to issues of confidentiality, audio interview tapes from the interviews were securely stored as a master copy on the researcher's laptop with password protection. All names and references to specific organisations were removed.

5.8 Data Analysis

Transcripts of recorded interviews and notes from interviews that could not be recorded were read several times in order to gain an understanding of some of the major themes emerging. Data from the interviews were organised for the three case studies separately and divided into senior management, middle management and frontline employee interviews. Data collection and some preliminary analysis occurred concurrently and some pre-coding (Layder 1998) by circling, and highlighting sections of interviews and underlining and colouring rich and significant quotes that were striking. This helped document thoughts and ideas for analytic considerations and served as illustrative examples later while writing the findings chapter.

The important practice adopted during the analysis phase was to return to the conceptual framework and the research questions. The literature was revisited between interviews to gain better understanding of the new data especially in terms of the nature of work, employee rewards and recognition, employee engagement activities, training, employee experiences of work intensification and extensification, and performance management. Engaging in this iterative process led to a focused analysis, and the temptation to analyse data that were outside the scope of the research questions could be avoided.

In selecting the most appropriate data analysis techniques to deal with voluminous amounts of text that such data collection methods produce, reference is made to the work of Ryan and Russell (2000) and Tesch (1990) who refer to the distinction between the linguistic tradition of qualitative data analysis, which seeks to "treat text as an object of analysis itself" and the sociological tradition which "treats

text as a window into human experience” (Ryan and Bernard, 2000, p. 769). Under the linguistic tradition discourse is considered to be the product of the socially constructed context in which it is produced. Although it reflects our socially determined knowledge about reality, it does not necessarily acknowledge the existence of an external world independent of human consciousness, which is characteristic of the critical realist ontology adopted for this research. For example, Wooffitt (2005) refers to Schiffrin’s (1994) summary of methodologies for studying discourse that fall within the linguistic tradition, each of which illustrates the tradition’s focus on the context in which the discourse takes place rather than the insight that the discourse itself offers into the construct of its social environment.

In contrast, the data analysis techniques from the sociological tradition are most appropriate in this context because they consider the text generated by the data collection methods to be an insight into the reality experienced by the interview participant. The data collected from the interviews generate free flowing text which can be analysed in two ways: 1) by segmenting the text into its most meaningful components, word or phrases; or 2) by looking for meaning within broader chunks of text (Ryan and Bernard, 2000). By segmenting the text into its most basic meaningful components, words and phrases and keywords in the context were identified during the course of the data analysis.

The traditional paper and pen approach to coding and categorising the data was adopted instead of relying on NVivo to avoid issues of distancing away from the data. As identified by Fielding and Lee (1998) researchers experience the issue of feeling distanced from the data in their discussion of the use of computers in qualitative analysis. Data on paper and writing codes in pencil give more control over and ownership of the work (Saldana, 2009). Adopting a paper and pen approach demanded a regular amount of time to be spent on data analysis everyday which was helpful in generating the rigour required to get the analysis done at a stretch over a period of three months.

The process of thematic content analysis involved identifying themes and categories that emerged from the data. This involved discovering themes in the interview transcripts and then attempt was made to verify, confirm and qualify them

by searching through the data and repeating the process to identify further themes and categories. Each transcript was read and notes made in margins of words and short phrases that summed up what was said in the text. Through this open coding the aim was to give a summary statement or word for each element that is discussed in the transcript. Codes actually helped summarize and condense the data. Method of coding entailed ‘an iterative process of transcript review and refinement of sub-codes’ (Geller *et al.*, 2005) for greater accuracy and completeness. Deviations such as when the respondent went off track and moved away from the discussion topic were not coded and marked as “off the topic”. Primary goal was to find repetitive patterns in terms of action and thoughts in senior and middle management and frontline interviews and consistencies in affairs documented in the data.

In the second stage, all of the words and phrases from all of the interviews were collected together onto a clean set of pages to work through and cross out duplications. This helped in condensing the number of categories to a considerable extent. Informed by the analytical and theoretical ideas developed during the research, the shorter list of categories compiled were further refined and reduced in number by grouping them together.

For each case study, data was analysed at three levels – senior management level, middle management level and frontline employee level. Qualitative researchers often use “within- case analysis”, an important strategy identified by Mahoney (1999, 2000) for case study research. One of the strategies identified in ‘within-case analysis’ is “process tracing” where the researcher uses the thick descriptions of the sequence of events of a single case to identify the causal mechanisms at work in the sequence. It is suggested that the method is useful when particular events and their temporal dimensions are taken into account. This “process tracing” approach was used as a guide for analyzing data for this study because the nature of the study involved sequential process of understanding temporal dimensions of work (post-crisis BPO scenario), particular events that resulted and led to shaping employment outcomes. Preliminary analysis of the data started with reading through each transcript and fitting data under three broad headings for each case study i.e., post crisis BPO business, post crisis employment conditions and employee experiences of work. This categorization was largely a priori inferred from the conceptual framework and set out in the research

project design in advance of undertaking detailed empirical work. Following this, further rereading helped in marking significant statements which illustrated the dimensions of the broad themes. At the macro level of analysis, the dimensions of post crisis BPO business meant understanding the specific business model, immediate impact of recession, increased client expectation and demands, nature of the demands and post crisis recovery strategies adopted in response to the demands. For coding senior management interviews, codes were developed around company history and structure, the factors driving, facilitating and inhibiting company and industry growth, post-crisis coping strategies, employment relations and labour market conditions. Sub-codes were also created, for example, for 'post-crisis coping strategies', sub codes such as 'cost reduction measures', 'transformational projects', 'pricing mechanism', 'redeployment' were created. The essence of the senior management and middle management accounts from interviews was embodied in three major themes of 'impacts of recession', 'post-recession recovery and strategic reorientation' and 'operationalizing new strategic priorities'. The iterative process of going back to the conceptual framework and research questions and then rereading the transcripts required the logic of inquiry and analysis to shift to the second level or the meso level for each case study. At this level, the focus of the analysis was on identifying themes pertaining to employment conditions in each case study organisation that resulted from strategic repositioning of the companies post-recession and the coping strategies adopted. The data that fitted under the heading post crisis working conditions was coded to create basic coding categories such as 'inter-firm relationship', 'execution of strategies' and 'management practice and control'. The coding category 'Management practice and control' was developed from a priori issues drawn from prior literature on Indian BPO, and was further sub-coded for 'management practice related to processes' and 'management practice related to people' (people management or HRM practices). The sub-code 'management practice related to processes' was obtained from integrating the lower level data points related to supervisory control, team dynamics, decision-making, socialization and communication. At this stage of analysis, attention was given to understand the relationship between the categories in order to identify overarching themes emerging. For example, 'inter-firm relationship' and 'execution of strategies' were joined to form an overarching theme – 'operationalisation of post-

crisis strategies' which was reflective of how the execution of post -crisis strategies at the offshore unit were dictated by the relationship dynamics between the firms offshoring work and the firm in India undertaking that work. The essence of the accounts of middle management interviewees was embodied in themes generated around client manageability, increasing operational efficiency, workload manageability, performance monitoring, training, employee engagement, and rewards and recognition. There was a good deal of consistency in responses across the interviews in the three case studies regarding the basic themes or categories in terms of operational efficiency, management control, time to competence and performance management. However, it was clear that the important differences between the cases in terms of the business model that they followed had effects on choice of post recovery strategies, execution of strategies and management practices adopted. Clear patterns were identified in terms of inter-organisational relationship and employment conditions making the case study organisations studied distinctive individual cases. For example, in *IndianCo*, weak client base fetched short-term contracts and thereby created short-term relationships with clients impacting working conditions in terms of frequent contract renewals and aggressive strategies to increase scope of work with clients by promising extra deliverables, whereas, strong client relationship in *GlobalCo* fetched long term projects, but with increased client intervention in day to day operations creating a highly target driven culture based on strong client incentives and "double monitoring". *CaptiveCo* being an in-house provider did not face client driven pressures to meet targets and was thus not linked to pricing policy but the bank's company-wide restructuring globally required cost reduction measures to be adopted effecting the its captive unit - *CaptiveCo*. Explored within each theme or category these differences manifested in often subtle and nuanced ways in each case study organisation.

Driven by critical realist ontology, the analysis of the "empirical" domain i.e., the experiences of the frontline BPO employees' work is important as this establishes the connection of the real and actual domains to the concrete subject. For this unit of analysis at the micro-level, a priori codes were formed based on extensive literature review and also codes were generated based on emerging themes from meso-level analysis on domain knowledge and reduced time to competence, regulation of

employee engagement activities and rewards, and individualization of performance appraisal. These codes focused around nature of work, duration of projects, autonomy and discretion, supervision and support, performance management, training, employee engagement activities, and rewards and recognition. In an iterative process, going back to the research questions provided guidance to explore effects of post crisis working conditions on employee work experiences in terms of work intensity, perceived job security, well-being and professional identity which served as four categories for coding purposes. The next step was to identify the sources of work intensity, perceived job security, well-being and professional identity separately in each case study. After the sources were identified, the potential causes of these were traced back into the meso-level and macro-level themes generated in each case study. The aim was to establish links between the levels of analysis and understand the causal pathway for the outcomes. This helped generate an explanation for particular or specific outcomes (in the form of employee experiences) in each case study organization under a particular theme (such as work intensity, job security, well-being and professional identity). At this point, categories were constantly compared with the data and revised until new data added no further conceptual insights. Professional identity emerged as an overarching theme with links to management practices, work intensity, job security, and well-being issues.

Thus, levels of analysis embedded within each case study had significant implications for analysis and synthesis of the data. It helped establish systematic links between the themes and formulate conceptual links, and explore essential relationships among combinations of potential causal conditions within and across cases. This approach to analysis was time consuming but it encouraged in depth analysis of the data at each level. It required an iterative process of coding with each transcript read many times, and the conceptual framework and the research questions referred from time to time. The emerging findings of the analysis were reviewed and discussed at regular intervals during meetings with the research supervisors. One-to-one phone conversations were also held with 3 senior management (1 from each case study organization), 7 middle management (2 from *CaptiveCo*, 3 from *IndianCo* and 2 from *GlobalCo*) and 10 frontline employees (4 from *IndianCo*, 3 from *GlobalCo* and 3 from

CaptiveCo) interviewed to discuss the findings emerging. The aim was to get some feedback and the discussions held ensured confidence in the findings.

5.9 Limitations of the Methodological Approach and Data Collection

Although the research has been able to reach its aim, there were some unavoidable limitations.

The most prominent among them is the critique of case study analysis and the issue of external validity or generalizability that it brings. The argument is that cases reliably cannot offer anything beyond the particular and there is a degree of uncertainty associated with any predictions made on the basis of case study findings. This is an unavoidably valid criticism. Nevertheless, findings from this study are empirically rich and context specific and are applicable to understanding work and employment in the Indian BPO in the post crisis context. The analysis of data from the case studies provide holistic and detailed description of business recovery strategies adopted, execution of those strategies, people management practices followed, and employees' experiences of work in this context. Despite producing such empirically rich and holistic accounts of work and employment of the three case studies the findings cannot be extended with certainty to BPO work and employment conditions in other countries emerging as BPO destinations. However, the generalizability of the findings from these case studies across other Indian BPO sector organisations following the same BPO models is increased due to selection of case studies which are representative of three major BPO models operating in India. As Seawright and Gerring (2008) note, the generalisability of case studies can be increased by the strategic selection of cases. The validity of the data collected is firmly rooted in the extensive experience of the interview participants in the BPO sector who have operated at senior management, middle management and frontline level work. This suggests that the findings from this study can be generalized across other BPO organizations in India following particular BPO models.

This research stands by the credibility of the interview participants who participated in this study and the validity of the extensive experience they possessed by working in the BPO sector. Given the scant research undertaken to study work and

employment in the post crisis context, and difficulties accessing BPO sector employees (due to high confidentiality concerns), the aim of this research from the outset has been to conduct an exploratory study in order to inform further theoretical development. A respondent driven sampling enabled this piece of independent research to take place. However, the limitation with respondent driven sampling is that it is not a fully defensible statistical sampling procedure and brings with it issues of representativeness and bias. An ideal sampling procedure yields a sample independent of its starting point while in a respondent driven sampling the initial sample usually cannot be drawn randomly (Heckathorn, 1997). While acknowledging this issue, it is emphasized that whatever bias was present in the selection of “seeds” (bias introduced in the choice of the initial sample) utmost effort was made to overcome this bias (details in section 5.5.1) so that the sample becomes independent of its starting point. The representativeness of the sample was also increased by covering heterogeneity of the target population. Participants were from various verticals and functions of the BPO sector representing both call centre and back office processes and working for a wide array of clients.

It is also acknowledged that it was difficult to maintain consistency in the method of obtaining data. With recorded interviews, a complete verbal record of the interview in the form of transcript was available which could be studied more thoroughly than the notes which were taken when interviews could not be recorded. Despite extensive note taking, it cannot be claimed with certainty that the researcher was able to recall every detail of the information shared during the course of one hour interviews. Also in note taking there is an increased risk of the researcher being more biased by being able to recall information that is close to researcher’s own thoughts and feelings about the phenomenon under study. To minimize the bias a “member check” (Lewis-Beck *et al.*, 2004) could have been undertaken where the researcher could have sent the final reviewed notes from few interviews to the respective participants to confirm whether all key points from the interview were included and the information documented reflected participants’ views correctly. This could not be done as participants were hard pressed for time and their work schedules were tremendously tight and hence this request from the researcher was not accommodated.

Another limitation is related to obtaining informed consent from participants. One of the important ethical concerns that should be taken into account while carrying out qualitative research is obtaining informed consent. Kvale (2007) recommends asking participants to sign a declaration to confirm their consent in his guide to conducting research interviews. As regards to formal written consent, this could not be obtained from many (30) participants due to participants' unwillingness to sign any document which would identify them. Since the principle of informed consent stresses the researcher's responsibility to completely inform participants of different aspects of the research in comprehensible language and clarify any questions the participants have, this was verbally done and a verbal consent was obtained with the agreement that findings from the study could be used on a non-attributable basis.

While transcribing, utmost effort was made to ensure that the text transcribed is as accurate as possible. However, for 6 recorded interviews the audio at certain points was barely comprehensible because of loud background noise in the coffee shops. Despite trying to figure out the inaudible parts, not much could be deciphered resulting in loss of some data. Though effort was made to get the accuracy and correctness of the content of the transcripts checked by participant volunteers, it can only be assumed that they read the full transcript of their interviews with attention and detail required to confirm accuracy and correctness of content.

In terms of data analysis, coding is a crucial aspect of analysis and in the act of coding data the researcher wears his/her analytical lens and perceives and interprets what is happening in the data through the filter that covers the lens (Saldana, 2009). The filter that covered the analytical lens for this study is 'critical realist' approach. It is acknowledged that "all coding is a judgement call" (Sipe and Ghiso, 2004) since researchers bring "our [their] subjectivities, our [their] personalities, our [their] predispositions, and our [their] quirks" to the process (p. 482-3).

5.10 Conclusion

This chapter provided an overview of the methodological approach to data collection and analysis used for this research study. It mainly described the decisions taken in relation to data collection, described the characteristics of research

participants and, analytical procedures used, and reflected on the data collection process and limitations of the methodological approach adopted. In described the above, the chapter establishes the rigour adopted in implementing the research design developed based on the research questions which helped gather relevant empirical data for the conceptual framework and analysis. The rigour of the research design adopted thus strengthens the validity of subsequent findings presented in the next three chapters – Chapter 6, 7 and 8.

Chapter 6 Research Findings: findings from *IndianCo*

6.1 Introduction

Chapter 6 presents the findings from the Third-Party Service Provider case study organization, *IndianCo*. In presenting the findings, it follows the sequence of the research questions raised and conceptual framework discussed in Chapter 5. The findings from the analysis of senior management interviews are presented first followed by findings from the analysis of middle management and frontline employee interviews and are organized in three main sections, i) Perceived effects of the recession (Section 6.2), ii) Consequences for work and employment (Section 6.3), and iii) Employee experiences of work (Section 6.4). Under perceived effects of recession, senior management interviewees mainly focused on the increasing demands of BPO services and changing client expectations and demands, evolving pricing models, the resulting change in business focus and current levels of attrition. Findings from middle management interviews mainly centre on describing post crisis employment conditions in relation to *IndianCo*'s business model, such as loaning frontline employees to parent company, aggressive strategies to build strong client base and focus on operational excellence. Findings also present the impact of these on HRM practices mainly, training, performance management, employee engagement activities, and rewards, recognition and benefits. In the section presenting the findings related to employee experiences of work, the interviews with frontline employees reveal the impact of post crisis employment conditions and HRM practices particularly in terms of work intensification and extensification, experiences with performance appraisal, rewards and recognition, and employee engagement activities. Findings reveal employees stretching working hours often to meet increasing demands of work, and their lack of faith in performance appraisals. Employees report reduced opportunities for advancement besides reduced monetary rewards and recognition and withdrawn benefits, and designate employee engagement activities as ritualistic. The chapter ends with findings on how frontline employees viewed their current work reflecting their sense of professional identity.

6.2 Perceived Effects of the Recession

6.2.1 Increasing demands of BPO services and changing client expectations and demands

All senior management interviewees (6) of *IndianCo* reported increases in business volumes post 2010. According to them as the economy slowly came out of the recession their clients were looking for a means to cut down costs further and generate more revenue to make up for the lost profits. A majority of them believed that in the aftermath of the economic downturn clients not only wanted to generate immediate cash flow but also wanted to firm up companies for the future.

Explaining how BPO services have become more valuable for clients post crisis one of the senior management interviewees (I-SM3) of *IndianCo* explained that “*within the first year itself there is a saving in the range of 30% to 70% off [clients’] baseline costs*” unlike before (in the pre -crisis years) when return on outsourcing was a long term consideration for the clients. One senior management interviewee (I-SM1) comparing contemporary Indian BPO from “yesteryear” BPO remarked:

“BPO is no longer about just shifting jobs to low cost countries – that was yesteryear BPO! The next-generation BPO is about us working as transformation partners for the clients.” (I-SM1)

All of the senior management interviewees resonated with the above assertion. When asked about what it actually meant to act as “transformation partner for clients” all the six senior management interviewees were unanimous in conveying that as a transformation partner they are expected to provide higher value to clients through lower capital investments and bring technology and process together to create required “platforms” that would enable the clients to save costs further. One senior management interviewee further explained:

“It is more to do with increasing productivity, reducing complexity and reducing FTE [headcount] ... increasing the overall process cycle efficiency ... the clients want upfront improvement in the process ...the client will ask what year on year reduction in cost can you bring in besides meeting SLAs?” (I-SM6)

The senior management interviewees of *IndianCo* reported increasing demands from their clients in many respects. Besides clients demanding faster delivery

of products there has been increasing demands for a “spectrum of solutions and services” the client can make choice from. Demands for technology led service offerings that are “innovative” and “cutting-edge” and can bring in improvement in clients’ working capital were commonly reported. Three of the senior management interviewees (I-SM2, I-SM4, and I-SM6) informed that they are increasingly expected to share clients’ business risks, predict loss by analyzing clients’ past business trends and suggest competitive pricing based on such analysis. Four of the senior management interviewees (I-SM2, I-SM4, I-SM5, I-SM6) reported clients reviewing and renewing contracts twice a year instead of usually doing it once in a year. They cited several instances of clients inserting extra terms and conditions and additional work at no extra payment during the renewal of contracts. Almost all of the middle management interviewees confirmed this. Collectively, the senior management of *IndianCo* conveyed that their clients have become exceedingly demanding when it came to enhancing yield, improving efficiency and reducing cost. They unanimously agreed that just meeting the SLAs was not sufficient any longer. As I-SM2 said:

“Now it is SLA plus productivity plus business value leading to a smart shift in the pricing model....” (I-SM2)

A significant majority of them expressed concern over stiff competition from other established as well as emerging players who were constantly raising the bar for customer satisfaction by providing offerings/services that are innovative and priced competitively.

6.2.2 Evolving pricing models

It was learnt during the interviews that clients usually made payments to *IndianCo* primarily based on estimated amount of input required for a project and the number of FTEs (Full time equivalents in terms of manpower) deployed for the same. Senior management reported that post crisis their clients demanded more flexibility in terms of how they wanted to make payments to *IndianCo*. The conventional and the most prevalent method of making payments based on FTE rate per hour was reported to still hold true but only for few existing projects where some high end clients needed staff on a dedicated basis which included the fixed, direct and indirect expenses and

the salaries of the employee. All senior management interviewees emphasized the need to offer clients with greater cash flexibility in order to attract new businesses and also retain existing clients. This came up consistently through all the senior management interviews where they spoke about structuring contracts using a wide spectrum of pricing models besides the conventional FTE based model. Talking about a recently acquired contract from an US client, one of the senior management interviewees (I-SM5) heading the client services explained why the client went in for transaction based pricing instead of the conventional FTE based pricing.

“Having fixed overheads is costly during quiet periods, and conversely, service suffers during peaks of activity. So the best option is to outsource it to third party service provider but then on what terms? Client is not willing to pay per FTE rate here as it does not give him the flexibility to reduce cost when the business is going slow – he is rather comfortable paying me per transaction done. So we offered a transaction-based pricing that provides a solution for the client to manage fluctuations in demand more effectively.” (I-SM5)

Examples of clients making payments based on per invoice processed, per expense claim processed or per journal entry made were cited widely by the management. Some senior management interviewees (I-SM1, I-SM2 and I-SM5) also reported that their clients not only demanded cash flow benefits to start immediately but also wanted to save on the “execution/initiation cost” which is the upfront investment the client usually needs to make to transition to a BPO service. A client wanting to start cash flow benefits immediately without an undue capital burden was seen by the senior management of *IndianCo* as a strategy adopted post crisis to transfer more risks on to the service provider. Thus, in an effort to get more clients on board and retain existing clients, *IndianCo*’s management reported structuring contracts using “wide-spectrum of pricing models” to provide clients with more/greater cash flexibility.

6.2.3 Change in business focus

With client demands and expectations changing senior management of *IndianCo* also reported making a strategic shift in their business focus and pursuing

“aggressive” strategies to build a strong client base of its own and reduce dependency on clients of its parent IT Company. A majority stressed the need to move beyond commodity BPO services and support functions such as voiced-based services and Finance and Accounting support. I-SM2, who was experienced in dealing with HR transformational projects, proudly spoke about setting up a global talent operations shared services centre and centres of excellence (CoEs) for global clients in North America. ISM3 informed about *IndianCo* providing greater value in business verticals like insurance, accounting and finance, and healthcare by taking “full process management responsibility” which meant taking responsibility for the overall business function and not just providing IT or BPO operational support. I-SM2 and I-SM5 informed that there has been a significant increase in expectation from the BPO service providers to make significant contribution to a clients’ overall business outcome and this client expectation is forcing *IndianCo* to gradually shift focus from purely transaction and process based deals (routine customer service) to acquiring higher end transformation deals that are larger, complex and more valuable in the long run. Keeping in with the tune of the industry, leaders at the NASSCOM Summit 2013/14, the majority of respondents at the senior management level in *IndianCo* predicted how getting more transformational deals will drive the customer service aspect of the industry to less than 40% by the end of the this decade. However, they all expressed concern that it would hurt the company’s fiscal revenue temporarily and require more investment in automation indicating their uncertainties about *IndianCo*’s strategic shift from offering commodity services to complete business solutions.

All senior management interviewees spoke of “dwindling margins” from the call center business in India and reported that *IndianCo* had shifted many of its call center operations from India to one of the fastest growing low-cost BPO destinations.

6.2.4 High levels of attrition

With market conditions improving, senior management interviewees unanimously admitted to *IndianCo* experiencing high levels of attrition at the entry level positions. I-SM1, I-SM2 also confirmed the media reports of significantly high number of exits from *IndianCo*’s senior management staff but were reluctant to

continue discussion on senior management exits. According to media and news reports, the exits raised questions about the kind of risks this could pose for the future in terms of clients having confidence to do business with *IndianCo*.

A majority of senior management interviewees attributed high levels of attrition at entry levels to two major reasons: 1) The BPO industry witnessing more business coming in creating more job opportunities for entry level employees and 2) competitors offering 10 to 20 percent hikes to employees with two to three years of experience in *IndianCo*. The head of HR (I-SM1) explained:

“xxxx [IndianCo] is known for its robust training process for new employees ... Once they have worked here for an year other companies do not mind offering a 20 percent hike to these people. They know they would be able to make these people start working on the projects with minimum number of days of training and thus also make a saving on their training cost ...” (I-SM1)

Although concerned, most of the senior management interviewees accepted “attrition” as “a noise variable”. I-SM6, with more than thirteen years of experience in *IndianCo* and having worked before as an engineer in the manufacturing sector for ten years said:

“I cannot talk about it all the time and blame everything on attrition. A process has to evolve and become mature – so much so that the system has to take care of attrition as lurking variable or noise variable and move on. Attrition is there everywhere but I need to keep things going on by focusing more on how I can make my internal engine strong” (I-SM6)

However, attrition seemed to be of major concern among managers handling operations. Explaining how attrition causes disruption in the work system, the head of operations (I-SM2) handling one of the biggest client accounts in *IndianCo* said:

“So this [attrition] is an obstacle - every time you have to reinvent the wheel, train them and by the time you get to a reasonable stage of comfort with them – I mean you start getting confidence in their service delivery and they start looking out. You have to reinvent the wheel back again” (I-SM2)

When asked about whether *IndianCo* has adopted any specific strategy to combat high attrition a significant majority of senior management interviewees are of

the opinion that the common practice of giving salary hikes to keep employees motivated and bring down attrition is not sustainable in the long run and other BPO companies would also have to shun this practice in the coming years. I-SM1 and I-SM3 informed about HR undertaking massive recruitment drives in various university campuses. However, none of them disclosed about HR adopting aggressive strategies such as poaching from competitors in large numbers that actually came out in frontline employee interviews. According to more than half of the entry level employees interviewed, *IndianCo* “picks up employees in large numbers” from other Indian service providers who pay less but provide sound and thorough training.

6.3 Consequences for Work and Employment

6.3.1 *IndianCo*'s business model and post crisis employment conditions

There was unanimous agreement among all interviewed that *IndianCo* witnessed more business coming in. But the middle management interviews (7) that focused more on understanding the working conditions and HRM policies and practices post crisis revealed that employment conditions also became tougher and more stringent. All middle management interviewees shared experiencing increasing pressure to reduce operational cost and achieve more with fewer resources.

6.3.1.1 Loaning *IndianCo* frontline employees

I-MM4, I-MM5 and I-MM6 disclosed that after the post crisis slump in the parent company's IT business, focus on cost management became priority. They further explained that the parent IT company reduced prices of its software services to win large deals thus bringing down its margins. Also, *IndianCo* was asked to ‘loan’ its BPO frontline workers to work on parent IT company's projects to reduce operational cost. These managers explained how the difference in remuneration paid to a parent company's ‘IT professional’ and an *IndianCo*'s ‘BPO worker’ produced considerable cost advantage for the parent company. Explaining the cost advantage associated with such internal arrangements of utilizing labour a senior manager (I-MM7) of the parent IT company who had earlier worked for *IndianCo* said:

“Yeah, this is interesting! There is an internal loan system. We get people on loan from our BPO business. This not only works out cheaper for us but also gives BPO workers an opportunity to work on IT projects ...There are certain aspects of IT project where you don’t need an IT guy, a BPO guy can well take care of those things. If I have to deploy an IT guy I am actually paying more for the same work. Instead I can use him on some other important project”. (I-MM7, IndianCo’s Parent IT Company)

While few of the middle management interviewees (I-MM1 and I-MM7) regarded this as a mutually beneficial arrangement other middle management interviewees reported working under resource crunch and strongly emphasized the need to reduce *IndianCo*’s dependency on parent company for client access. I-MM4, I-MM5 and I-MM6 explained that *IndianCo* since its inception in 2002 has been using (leveraging) the strong technology base of its parent company relying heavily on its established client base for securing BPO contracts which in turn allowed the parent IT company to take advantage of *IndianCo*’s low cost BPO labour.

6.3.1.2 Aggressive strategies to build strong client base

All middle management interviewees (7) apprised of the tremendous pressure on senior management to build a strong client base in order to reduce dependency on its parent company. Five of the seven middle management interviewees spoke of “aggressive strategies” pursued by the senior management of *IndianCo* to gain client confidence and build long lasting relationships with big clients who could provide business to *IndianCo* on a long-term basis. They criticized senior management’s way of trying to gain client confidence by promising extra deliverables and agreeing to take up additional work from the clients at no extra cost. Examples of additional work such as clearing up the backlogs at the client’s end while taking up a new process transformation project or providing analytical support during contract renewal period were commonly cited. Some managers (I-MM3 and I-MM7) also reported their clients reviewing and renewing contracts twice a year instead of doing it annually. The following example cited by a manager handling operations (I-MM1) is illustrative of how taking up additional work requires teams to be flexible to accommodate any business needs arising at the clients’ end and make quick transitions required.

“At the time of [contract] renewal we found that the client [US based specialty insurer] was saddled with high volumes of contract, almost 250 contracts, where their team could not focus on certain key activities like assessing risks, predicting loss and calculating competitive pricing. We on-boarded a team of experienced people with required industry certifications overseen by a manager with significant experience. Within one month the team was armed with enough knowledge to get things going ... this quick transition with just a one-month learning curve for knowledge enhancement impressed the client ...the client has increased the scope of work to handle end-to-end support” (I-MM1)

The majority of middle management interviewees who claimed to be the veterans in the industry felt that such strategies pursued to gain client confidence and attract additional business made clients even more demanding in terms of transferring their business risks to *IndianCo*. With eight or more years in the BPO industry these interviewees in the middle management level, many of whom started work as call centre agents and moved up to become team leads and managers reported witnessing the industry changing over the years and clients increasingly becoming difficult to please in terms of their measurement of business value gained from offshoring.

6.3.1.3 Focus on operational excellence

Managers interviewed reported experiencing tremendous pressure to improve productivity and reduce cost to hold on to existing clients, attract new clients and large deals. I-MM2 spoke about “process reengineering and improving productivity on a continuous basis while reducing cost”. A manager (I-MM1), quite senior at the middle management level reported that increasing client expectations made them embark on a companywide “strategy of operational excellence”. When asked to elaborate on ‘operational excellence’ I-MM2, I-MM4, I-MM7 talked on similar lines about increasing need to optimize and streamline processes so that they “operate at the lowest possible costs and with minimum hassles” (I-MM7). Team leads (I-MM5 and I-MM6) interviewed reported experiencing increased pressure as the processes they handled were required to function at levels superior to those achieved earlier. I-MM1 handling operations of one of the largest accounts of *IndianCo* admitted that the team leads and

assistant managers reporting to him needed to constantly “rack their brains” on making processes “less complex and leaner”.

I-MM2 explained that they adopted a strategy of benchmarking across multiple clients and using technological interventions which are key to further simplify and standardize processes so that the processes can operate on their own without much dependence on people.

“We need to reduce the number of variables that affect the process performance... We have started investing in process automation and leveraging the parent company’s technology to drive efficiency. The focus is on making processes so robust that the processes can deliver independently, is less dependent on people and human errors” (I-MM2)

I-MM3 and I-MM6 expected automated tools to make their presence felt significantly in the company by enhancing *IndianCo*’s ability “to do more with less” (I-MM6).

With increasing pressure on managers and team leaders to cut the cost of operations and get maximum done out of minimum resources, it was not surprising to find them talking about “working under resource crunch” (I-MM4, I-MM5) most of the time. The following testimonial best highlights this.

“If a process requires eight people, you will be asked to manage with six, if it requires twelve you will be asked to manage with eight. So this is the story now” (I-MM5)

6.3.2 Impact of employment conditions on HRM practices

Middle management interviewed reported adopting various ways to drive the workforce to increase productivity. They particularly spoke/informed of the current practices and policies adopted in relation to training, performance management, reward and recognition and employee engagement activities.

6.3.2.1 Training

All managers (7) interviewed informed that lean and six sigma training has been made mandatory at all levels in *IndianCo*. Emphasizing the significance of

adopting company-wide lean and six sigma methodologies to improve productivity and reduce cost I-MM1 said:

“The aim is for everyone to adopt a structured approach, eliminate waste and reduce cost. It is a very rigorous training...they need to study, sit for exams and have to go through strict evaluations before they can obtain the certifications. These methodologies can be used to improve process metrics when aligned with employees’ performance score card and that is what we are aiming at and have been successful to a considerable extent” (I-MM1)

Besides lean and six- sigma training all managers interviewed emphasized “error free” and “meticulous” work and stressed on the need for BPO workers to have domain knowledge and get “domain certifications”. As clients expected *IndianCo* to share more of their business risks, managers informed that the need for domain knowledge has become very important in the recent times. I-MM4 having worked in *IndianCo* for more than two years explained why.

“If I have to share the clients’ business risks, I have to have good understanding of his business. So I am now required to think from the client’s perspective, put myself in the client’s shoes and try to think about how I can help the client do more business, earn more profit and reduce his cost. This is where domain knowledge comes into the picture... If you are in the insurance process for example, just processing invoices will not do, tell me how the number of invoice processing can be increased or how the processing time of invoices can be minimized. Are there any steps in the process that we can do away with? So you see, to think this way you need to know the Insurance domain very well” (I-MM4)

I-MM3 while sharing his experience of working with a big US based insurer and reinsurer also highlighted the importance of domain specific knowledge and industry certifications. His client, who had recently started reviewing and renewing the contract twice a year, expected the service providing team at *IndianCo* to not only provide basic file operations but also address business needs such as analyzing “perils and risks” associated with reinsurance, benchmark those with industry standards, predict loss exposures and provide competitive pricing. As a result -

“Everyone is now required to regularly refer to CAT manuals to upgrade their knowledge of CAT modelling [Client’s catastrophic modelling] tools. Industry

certifications such as CPCU, ARM, and CBQA¹⁴ have become essential in order to meet the growing expectations of the client.” (I-MM3)

I-MM4, I-MM5 and I-MM6 highlighted that training modules related to acquiring domain knowledge are made available online for employees to “learn at their pace”. However, on further inquiry I-MM4 and I-MM6 revealed that although employees can “learn at their pace” they need to complete the modules within a stipulated time. HR rigorously marks and monitors the training modules that an employee needs to complete in a quarter. In this regard they stressed that employees are required to learn fast so that training time can be reduced and employees can “go live on the floor fast” (I-MM5). To draw from one of the senior management interviews -

“The challenge is on bringing people up the curve with minimum number of days of training [in order to] reduce the rebooting time ... the time that a company has to consider before the employee starts giving profit.” (I-SM3)

6.3.2.2 Performance management

Ongoing productivity improvements and continuous process reengineering resulting from implementing Lean and Six-Sigma methodologies have led to a stricter performance evaluation system. I-MM4, I-MM5 and I-MM6 reported that in addition to having regular team huddles, team leads and managers were required to engage in regular “one to one discussions with team members on a weekly basis”. The performance metrics on the scorecards were reviewed and revised every month to reflect the ongoing need for improvement in processes. As a result team leads reported being “heavily burdened” with the need to monitor as well as keep detailed documentation of individual performance and make presentations to client on a weekly basis.

“The client expects to see improvement happening each week, so I have to constantly drive my team to come up with something new that I can present for that week. It puts a lot of pressure on the team but they will have to get used to it with time. There is lot of pressure on me as well” (I-MM5)

¹⁴ CPCU - Chartered Property Casualty Underwriter; ARM - Associate in Risk Management; CBQA - Certified BPO Quality Analyst

All interviewees reported that the focus of performance appraisal was on assessment of an individual's performance relative to the performance of people within his/her peer group. They informed that ratings ranged from 1+ to 4 with 1+ for Star Performance, 1 for exceeding performance, 2 for meeting expectations, 3 for meeting expectations partially or with help and 4 designating underperformance.

A majority of the middle management interviewees complained that they found it difficult to engage employees in discussions that related to employees having clear understanding of what is expected and what needs to be done to meet expectations. They reported that employees adopted a defensive attitude towards any opportunity to develop new scope of work and re-prioritize targets which they said became essential with clients prioritizing their needs. They informed that many clients demanded flexibility in their contractual agreement so that they can change the scope of work if required. This often required revisiting the performance criteria set earlier for the employees. I-MM1 gave an example to explain this further.

“Despite complete understanding of the project requirements, the type of work involved, the duration and other criteria, the client's project requirement changed unexpectedly due to a new regulation coming in that effected the scope of work. We had to review the entire contract with the client which led to re-prioritizing targets for the employees.” (I-MM1)

6.3.2.3 Employee engagement activities

Despite enforcing strict performance management measures most of the managers interviewed found it challenging to engage their employees. They expressed concern over frontline employees' growing lack of enthusiasm and engagement in their work.

“I fail to see the passion for work in today's BPO workforce, going that extra mile, taking the initiative – you don't get to see these – there are exceptions definitely but I am talking about the majority who are just here to execute what you say and that's it – they are not interested in taking the next step forward or going even a bit further ...” (I-MM1)

Team leads shared experiencing great difficulties in getting work done through their teams. They reported increasing absenteeism and lack of engagement among frontline employees and the need to constantly supervise them. Team lead, IMM5 reported that the constant need to monitor and check whether the team members were doing their assigned tasks occupied a major part of a team lead's everyday work. IMM6 while sharing her experience of dealing with her team said:

“No one is willing to think hard about their job and how to do it better or engage in some discussion with others about bringing in work related improvements. So I have to do most of the thinking for them and have to constantly drive them” (I-MM6)

In the wake of clients demanding value added specialized services or “heavy duty BPO services” at low cost and expecting contractual flexibility to change their scope of work all managers interviewed expressed the need for employees to demonstrate greater resilience, energy and effort than ever before. So in order to drive employee engagement most of the managers interviewed emphasized the need for designing meaningful activities around employees' job role, relationships with colleagues and the organization as a whole.

“The objective of engagement programs should be to create more meaningful interactions among employees related to their job roles or to the wider organizational purpose...I say give people more opportunities to come together and share best practices that can bring in improvements in their projects and in their job environment” (I-MM7)

For example, I-MM3 who was responsible for handling three major accounts in *IndianCo*, commented on an annual company-wide “process improvement project competition” which started three years ago.

“We had more than four hundred teams participating last year from different sites [of IndianCo]...over a period of three months several competitions were organized at different levels – company level, site level and the department level... process improvement being one of the key organizational objectives this kind of engagement made more sense to our people” (I-MM3)

“Process improvement being a key organizational objective” an employee engagement activity tied to this objective in the form of a company-wide “process improvement project competition” made employees value this kind of employee engagement

activity. Among other activities labelled as employee engagement practices managers interviewed also spoke about company sponsored fun activities such as “DJ nights”, “Family –day”, annual and quarterly outings, quiz competitions etc... Team leads (I-MM5 and I-MM6) mentioned about conducting “Fun Fridays” and organizing “Pizza parties” with monetary contributions from employees but also admitted that they were not able to arrange fun activities and team games on the floor on a regular weekly basis due to work pressure and strict deadlines. I-MM4 informed that due to budget constraints activities that take less time and financial resources to conduct are mostly preferred and given approval. Indicative of these are the following testimonies.

“We contributed and did a Pizza party ... a bit of change for everyone ... thirty minutes of chit chatting over pizza and drinks helps you to relax before you go back again” (I-MM6)

“Whenever there is some time we do some fifteen minutes of games on the floor - they act as stress busters and then back to work again” (I-MM4)

There was a unanimous agreement among all senior and middle management interviewees that, more than fun, employee engagement activities needed to focus on making employees aware of the business context and help them view the link between their job role and the purpose and objectives of the organization. One of the senior management interviewees who heads the HR function said:

“It is not just about having Fun Fridays every week then it becomes a ritual. The point is whether the engagement program brings in value to the interaction we have with our employees, whether fun complements other aspects of the employees’ work environment, whether we are able to make them see what the big picture of the organization is – these all need to get tied in” (I-SM1)

6.3.2.4 Rewards, recognition and benefits

One of the senior management interviewees who for the last eight years has been serving in the decision making committee of the company-wide rewards and recognition programme in *IndianCo* stated:

“Initially when the R& R [Rewards and Recognition] program was conceptualized, the budgets were not constrained – monetary rewards were given – almost lakhs of

rupees were being distributed as rewards for projects. But this has not helped retain people and we have seen this over the years. Personally, I am against monetary rewards...instead a pat on the back goes a long way” (I-SM6)

It was not surprising to find all middle management interviewees commonly referring to giving non – monetary rewards such as trophies and certificates to recognize good performance. I-MM4 and I-MM7 spoke about doing “floor walks” every month, a practice that they started one year back to motivate and recognize high performers for the month. The manager along with a senior management personnel walks on to the floor and everyone gathers around for fifteen to twenty minutes to listen to an informal presentation made by the senior management personnel. The objective is to communicate *IndianCo*’s business achievements to the frontline employees and also apprise them of the challenges that are being currently dealt with. This is followed by an announcement of the names of high performers for the month. I-MM4 further explained:

“The names are announced, their achievements for the month are highlighted. Everyone claps for them. It is a good feeling being recognized in front of the whole floor, the spot light is on them. They also get an opportunity to speak to the senior management personnel in person and bring any work related issues to his attention” (I-MM4)

When talking about employee rewards and recognition all the managers interviewed mentioned the infrastructural facilities made available to the employees such as the 24x7 operational medical centre, a chemist and an ambulance service to address any emergency situation and state-of-the- art recreational facilities like a gymnasium, meditation room, yoga room, swimming pool, and tennis, volleyball and basketball courts.

Interviews with *IndianCo*’s management indicated that non-monetary rewards are preferred over monetary rewards. Rewards with high monetary value are normally designed around activities such as company-wide process improvement project competitions which serve to achieve the business objectives of *IndianCo* and are also very challenging and difficult to win. The following testimonial highlights the management philosophy behind such activities:

“We had very strict evaluation criteria... the winner team got paid a lump sum amount as prize ...there is real satisfaction and pride when you achieve something this way... the sense of earning it by competing against 400 teams gives you a big sense of achievement and that is what we are trying to inculcate in the culture...” (I-MMI)

6.4 Employee Experiences of Work

6.4.1 Impact of business model/ownership structure

All 13 front line employees interviewed reported witnessing an increase in business volumes but a significant majority (7) of them seemed to be concerned about the uncertainty associated with duration of the businesses coming in. IFLE5 working for a US process outsourced by a new client expressed strong concern over such “risky” clients who are new to outsourcing. He said:

“They are testing the waters, they give small chunks of work to different service providers and then decide on a provider who can give them maximum benefit in terms of cost and quality.” (I-FLE5)

Common anxiety voiced by the employees is reflected in the following testimonials -

“You see processes coming in and then going away. I was so excited about working for this big client but they took the process away after a six-month pilot run”. (I-FLE4)

“This process is also coming to an end and I am not sure if we are getting a renewal. I am quite worried – don’t know which project they are going to put me in” (I-FLE13)

“There is no clear goal or strategy, the management is unsure of things – not good if one is looking for long term opportunity” (I-FLE10)

These employees reported that under such circumstances/situation they were normally deployed to work temporarily in other projects where there was a high volume of work due to quarter end or month end or were transferred to another process which was not always guaranteed. They further apprised that getting transfer to another process or project depended on three things: 1) availability of an “opening” in a project/process, 2) the previous performance record of the employee, and 3) his/her relationship with

the manager. Some reported that they were sent to work for an IT project of the parent company for a temporary duration.

About the nature of their work, all thirteen interviewees reported undertaking back office work related to process reengineering, customer interaction, process compliance and SLA compliance. Almost half of the frontline employees interviewed reported executing client transactions, verifying basic information, and closing customer queries/issues as per defined SOP (Standard Operating Procedures) parameters and ensuring appropriate documentation. 3 frontline employees (I-FLE9, I-FLE10, I-FLE13) just a level below the team lead reported undertaking some work similar to what the team leads normally do such as participating in the ideation¹⁵ process and producing required documentation, training the team on the reengineered process and conducting “QC / QA” (Quality control and Quality analysis) programs as part of the quality plan. Their responsibilities also included reviewing and validating the inputs from first line entry level employees and handling or resolving escalations at the process level. They all reported the need for deep understanding of clients’ business to help them reduce the cost of their business operations and gain efficiency through standardization. I-FLE3 and I-FLE4 reported working for a new client, a publishing company who wanted to consolidate its finance and accounting processes across its various offices in the US but wanted *IndianCo* to do it in a phased approach starting with its smaller sites. I-FLE7 and I-FLE8 also reported working for a new US client, a retirement company which issues life insurance and annuity products. The client sought to transition to state-of-the-art insurance systems to control expenses, manage risk, improve speed-to-market, and enhance customer service. I-FLE5 and I-FLE11 reported working for mobile company clients from US and UK respectively who did not have prior experience to outsourcing. I-FLE11 handling team lead responsibilities informed that his client’s outsourcing initiative started with offshoring various back office processes in the finance directorate.

The majority of the employees interviewed (10) commented that unlike a call centre set up where a dedicated number of agents are required to take up high volumes of calls coming in constantly, back office work can be managed with much greater

¹⁵ Process of generating, developing, and communicating creative new ideas – ideation is followed by design, test and release. The purpose is to bring differentiation in process and service offerings.

flexibility which allowed *IndianCo* to “loan” its frontline employees to work on IT projects of the parent company. Frontline employees interviewed were split in their opinion towards *IndianCo*’s practice of loaning BPO employees to IT projects. Four of the employees interviewed spoke in favour of this practice because it gave them an opportunity to experience working on IT projects. I-FLE6, I-FLE7, I-FLE11 and I-FLE12 considered working on IT projects as prestigious and were guided by their instrumental thinking that the experience gained by working on IT projects might lead to getting an opportunity to work in an IT company in future. However, this kind of labour utilization practice evoked much discontent among a majority of the other *IndianCo* frontline employees interviewed.

“I get to work with the IT guys in the same project but I get paid way less than them. You get treated second class...they have the upper hand” (I-FLE12)

“I have to report to my manager on the BPO side as well as to the IT project manager. It creates a lot of confusion. The IT manager does not find it necessary to let my manager know what I am doing in there in the project. Obviously, my manager feels bad, anybody will. He cannot say anything to the IT manager. He takes out his frustration on me.” (I-MM6)¹⁶

“I get appraised by both the managers [IT side and BPO side]. The problem is they do not consult each other. They have no idea how I am juggling between these two roles. The way they do the appraisal does not create a clear picture of the effort that I have put in and the contribution that I have made. This is so frustrating when you work so hard but it does not reflect in your overall appraisal!” (I-FLE9)

One of the major dissatisfactions expressed by almost all interviewees in the entry level is the “step motherly treatment” they receive from the parent company.

“Most of them look down upon us BPO employees which makes working with the tech employees difficult. I have been fortunate to have got good projects till now but there's always a worry about the kind of projects that I may get in future” (I-FLE6)

*“The difference between IT and BPO is so much exaggerated here that many people don't want to continue in XXX BPO [*IndianCo*.]” (I-FLE12)*

¹⁶ A frontline employee who has become a team lead recently

Not only front line employees but team leads and managers (of the rank just above the team leads) also confirmed the differential treatment of employees between *IndianCo* and its parent IT company. According to them the employees of the parent company enjoy much higher status and benefits than employees of *IndianCo* as is reflected in the following comment of a manager.

“They are the IT part, they think they do all the BIG work, they bring more revenues, we are more dependent on them...their guy gets fourteen hundred as night shift allowance per night whereas my guy working on the same project with them gets four hundred as his nightshift allowance – the difference is so very clear” (I-MM2)

6.4.2 Impact of employment conditions and HRM practices

6.4.2.1 Work intensification and extensification

Despite experiencing back office jobs as less stressful than call centre jobs, employees reported heavy targets and long working hours. Interviews were replete with interviewees reporting working “12 to 14 hour shifts” with no overtime and often working on Saturdays to finish their targets and training modules.

Also common was employees citing how the managers and team leads set high targets and constantly pressurized to chase those.

“They will use all management ‘fundas’ – ‘push you boundaries’ , ‘stretch your limits’ , ‘realize your potential’ but they don’t see beyond a point you cannot stretch the person’s limits – he will break and collapse.” (I-FLE4)

“The guy who was processing 100 claims now is expected to process 300 claims. Can you imagine processing 300 claims a day? The manager will constantly pressurize – get me 300, get me 300 and that increases the stress level. The guy who was doing 100 properly now under stress starts performing even less. His figures go down and it reaches a stage where he leaves or he is asked to leave” (I-FLE2)

“They do it on purpose - they set high targets so that we give our best, our maximum. People know only one word here – productivity” (I-FLE3)

All frontline employees interviewed reported that their managers expected them to be flexible, complain less and take extra responsibilities at work. I-FLE7 explained why.

“The client can change his requirement anytime, can introduce a new clause. We continuously need to adapt. If the client brings in a problem we need to immediately start working on that to address it as fast as we can. Our daily targets also need to be completed. So there is a lot of pressure always” (I-FLE7)

“The nature of the job is such that you have to be ready to take up anything – working regular nightshifts if required, working late for days together during month ends and quarter ends – there is real time competition that is constantly driving people to push their limits further” (I-FLE10)

Employees commonly cited drafting reports, coaching peers and working on IT projects as extra responsibilities that they had to undertake besides meeting their daily targets. Some of the senior frontline employees who worked a level below the team leads reported handling team lead responsibilities besides their work. They informed that after their team leads left or got promoted their positions were not filled. At the time of the interview they reported it was more than a year they had been handling such responsibilities without any extra remuneration or incentives.

“Besides my work, I also have all the team lead responsibilities. I am actually the team lead for this process ... yeah, informally, it’s not on paper.” (I-FLE11)

Besides expressing dissatisfaction with constantly chasing targets and taking extra responsibilities a significant majority of employees (8) interviewed viewed learning initiatives introduced by *IndianCo* as ‘imposing’ and ‘forceful’ and instrumental/helpful in fulfilling the criteria required to meet appraisal goals and apply for promotions. They did not seem to perceive this training to be useful in equipping them with skills that are transferrable to other sectors. As one of the interviewees said:

“I am not sure how much one really cares about these training modules...it is mainly about getting the boxes checked. You do it because otherwise your appraisals will get effected...Who wants to sit and study after a twelve hour shift? Outside BPO hardly anyone cares about these trainings.” (I-FLE4)

Other interviewees speaking in this context informed that “clearing” (passing) training modules and getting relevant certifications did not necessarily guarantee promotion. One just became eligible to apply for certain IJPs (Internal Job Posting) when they were advertised.

Interviewees explained how they were required to accommodate the needs for training along with their demanding daily work.

“Six sigma and lean working trainings are not easy, one has to devote a lot of time for studying...I have to stay extra hours after my shift every day.” (I-FLE3)

“I need to regularly go through various documents and take online training modules that are related to my domain. I come in two hours early or sometimes stay back late depending on my shift timings. My manager says if I go for domain certification it will be easier when it comes to promotions and things like that.” (I-FLE7)

I-FLE8, a freelance trainer providing voice and accent training to BPO frontline workers expressed her opinion against accommodating training needs outside working hours. She was sharing her four year experience of working as a frontline employee in *IndianCo*, the job that she left in 2013.

“It is necessary to update domain knowledge on a continuous basis or you lose points in your appraisal. If it is part of my appraisal then I should work for six hours and use the next few hours to complete the training modules. But we have to make time out after work – doesn’t matter how tired we are!” (I-FLE 8)

She also informed that she underwent six-month induction training when she started which was reduced to three months. Few entry level employees (I-FLE3, I-FLE4 and I-FLE6) even reported receiving just a month long induction training as they were urgently required to start working on their projects.

6.4.2.2 Lack of faith in performance appraisals and reduced opportunities for advancement

Despite taking extra responsibilities at work and devoting long hours to finish increased targets and complete difficult training modules most of employees interviewed with the exception of I-FLE9 and I-FLE11 worried about their appraisals. I-FLE9 and I-FLE11 did not mention appraisals much in their interviews. They kept referring to their managers as close friends whom they could go out to have drinks with anytime. Other interviewees expressed great dissatisfaction with the performance appraisal system. While many found it difficult to understand their performance score card, some complained that the criteria on their score cards changed every month

making it difficult to follow what to focus on and a great many complained that the scope for manipulation increased manifold. A significant majority felt that managers wrote appraisals based on personal relationships with employees which did not reflect their actual performance. One of the interviewees (I-FLE3) even mentioned managers “doctoring” performance scores “behind closed doors”. A majority of interviewees (8) were of the opinion that one needed to understand office politics and play it well in order to remain and succeed in the company as performance alone did not count. The following testimonials clearly highlight employee dissatisfaction with the appraisal system.

“I always complete whatever is assigned to me but still it does not get translated into the required numbers in the scorecard. My manager would always have some criteria handy to pick up about which I have no idea and say that you are falling short here and here - you need to take initiatives and demonstrate leadership skills. We do not have any idea when they add these criteria” (I-FLE4)

“If they do not want to promote you, they would use some criteria from the score card and say you did not meet these fully over the last few months... you did make honest attempt but you need to strive harder. You do not know what to say after this. If you ask for further clarification, they will make it more difficult for you in the next appraisal. So people normally keep quiet and sulk inside” (I-FLE2)

Lack of faith in the appraisal system was also evident from other comments made by employees regarding lack of feedback after appraisal and opportunity to discuss support and guidance required. I-FLE10 who had put in six years of work in *IndianCo* with outstanding performance scores and was expecting a promotion to the team lead position for the past one and half years recalled his experience.

“There was no face to face discussion after the appraisal, I was keen to hear what my manager thought about my work – I worked extremely hard ... he just called me – we had a five minutes discussion over the phone and that’s all – I feel like I have no value in the organization” (I-FLE10)

It is in this context another interviewee (I-FLE13) who claimed to “have seen it all” in his eight years of experience in the BPO industry said -

“The managers do not have time to listen and sit and discuss things with you, you will find only a few are actually involved in the process – when they are involved you

can expect to get some support and guidance but otherwise not – you got to figure out things yourself pretty much with some help from the team leader” (I-FLE13)

Majority of the interviewees expressed dissatisfaction with their managers who left everything to the team leaders and provided no necessary support or guidance.

“We hardly get to see our manager, they are always busy – one manager has to look after at least four to five accounts but ultimately he ends up looking after none well”. (I-FLE12)

“Everything is left to the team leaders who are learning themselves ... managers just come to interact with the team leaders most of the time – they will talk to you only when there is any performance issue” (I-FLE5)

On asking whether employees could report problems they faced to the HR, most of the employees (7) interviewed informed that it hardly made things better. Following testimonials provide evidence.

“If an employee has problems with his supervisor and goes to the HR, the HR is more likely to side with the boss or the company. Only if they find that your manager is putting the company in any kind of legal danger will they pay heed” (I-FLE4)

“Most of the time the HR tells everything to the manager – they should maintain confidentiality but you cannot be sure – if the manager comes to know then you know your life will become hell...” (I-FLE2)

All employees interviewed stated that they needed to maintain good scores consistently to be eligible to apply for IJPs. However, they also reported seeing very few IJPs released in the current times. In this context some employees (5) interviewed further informed that *IndianCo* offered promotion to frontline employees after every one and half to two years. Besides a slight increase in salary with every promotion they experienced an increase in targets but the nature of the job remained more or less the same.

“I do not feel I have got a promotion, I am doing the same thing that I used to do before...no power to take any decision just doing more number of transactions and providing assistance to the team lead to handle escalations.” (I-FLE9)

It was further learnt from I-FLE13 who had been with *IndianCo* for eight years, that the entry level in *IndianCo* comprises of six hierarchical layers or levels

and the position of team lead is considered to be the lower entry level management position. According to majority of the frontline interviewees it takes more than nine years to sometimes twelve in the normal course to become a team leader in the existing hierarchical structure though exceptions remain. I-FLE2, I-FLE4, I-FLE5 and I-FLE6 having spent very less time in the BPO sector informed that unless they switch to another BPO company or have the “blessings” of their manager they cannot become team leaders before 10 to 11 years.

6.4.2.3 Reduced monetary rewards and recognition and withdrawn benefits

As for rewards and recognition almost all employees interviewed mentioned receiving certificates and trophies on number of occasions. They however did not speak at length about these and made passing remarks about everyone getting them in turn. Only a few of the employees interviewed knew about activities such as ‘floor walks’. They informed that such activities do not happen regularly as managers and senior management personnel cannot always make time for these activities. Some employees in their interviews mentioned about the “XXX Performer Award”. The award came with a certificate and included a handsome monetary amount and mention in the monthly company newsletter. However, I-FLE12, one of the recipients of this award who reported handling additional team lead responsibilities informed that whenever the monetary amount is high it is given in instalments over a period of time to hold on to the employee. He expressed his dissatisfaction saying:

“I got the Star performer award but I have not received the full amount yet – they don’t give it all together at one time. It is spread over a period of six months... Just to keep me for another six more months!! I might leave anyways if I get a good opportunity. This process is also coming to an end and I am not sure if we are getting a renewal” (I-FLE12)

A majority (9) of the interviewees expressed dissatisfaction with the paltry amount they got paid yearly in the name of financial incentives or pay raise. The following testimonials best highlight their views and feelings.

“It is very less – doesn’t feel like the incentives that people normally talk about – and if your team for some reason falls short of meeting the targets you don’t even get that” (I-FLE1)

“It is so less you can’t even tell it to anyone – some of my friends working in sales and marketing were talking about their incentives, performance bonus ... just wanted to run away from there”(I-FLE4)

“Very few people stay with XXX BPO [IndianCo] for more than 1 year because of the compensation problem.” (I-FLE5)

All frontline employees interviewed unanimously complained about their salaries being inadequate due to cost of living going up in the tier 2 cities.

Similar to some of the middle management interviewees (I-MM2, I-MM5 and I-MM7), I-FLE13 who started working in *IndianCo* just before the recession informed that the immediate effects of the recession made the company withhold annual performance bonus and hikes in salaries as the company was struggling to maintain operating margins. The rest of the frontline employees interviewed informed that the facilities they heard were once made available to employees in *IndianCo* prior to recession such as free pick up and drop and subsidized food were no longer made available to the employees. Besides expressing dissatisfaction with reduction in food subsidy and poor quality of food supplied they reported paying for their pick up and drop or using their own bikes (motorcycle) to commute to work. Following testimonials provide evidence.

“The recession has passed but the effects of the recession are still with us...” (I-FLE13)

“I started using my bike after I saw others doing it – if I have to pay for company transport then better use mine – it makes more sense – gives me the flexibility to stay back or come early as required – I don’t have to worry about missing the cab” (I-FLE11)

“With cost of living going up in Pune the salary is just not sufficient...we have to pay for the transport and it is quite expensive ... the amount we pay for the food in the company has gone up and the quality of food is going down every day”. (I-FLE9)

Employees in general also held a negative view of the health insurance benefit provided by *IndianCo*. I-FLE7 for example remarked –

*“Health care insurance – it is bare minimum – they also add that cost to the CTC”
(I-FLE7)*

Another major complaint that interviewees reported was the difficulty in getting approval for leaves that employees were entitled to. Almost all interviewees cited experiencing great difficulty in getting leaves sanctioned. They told that they had to plan their leave well in advance which was not possible on many occasions.

“You cannot plan your emergencies ahead of time, can you? You cannot call in sick; it becomes a big issue and counted as unapproved leave” (I-FLE4)

“However hard you work when it comes to leaves the management is always reluctant to sanction them – we cannot use the leaves that we are entitled to, so they get lapsed - only 25% of leaves can be encashed - no recognition for hard work” (I-FLE5)

6.4.2.4 Ritualistic employee engagement activities

A majority (10) of the frontline employees appreciated their plush office campus and mentioned about the infrastructural facilities such as state of the art gym, basketball and tennis courts and swimming pool made available to frontline employees. However, only few reported using these facilities. Only I-FLE9 and I-FLE11 spoke about using gym regularly after their shift and playing some tennis during their off days. Employees in general held a very casual attitude towards employee engagement practices such as “Fun Fridays”, “Biryani” or “Pizza” parties and annual and quarterly outings/get-togethers. Almost all interviewees informed that those activities were used as “stress busters” but the way they were arranged around the pressures and targets of work diluted the very purpose of such activities as many did not get to participate. They also informed that due to work pressure and deadlines team leads were not able to arrange fun activities and other team games on the floor every week. The following remarks from the some of the interviewees best explained how they perceived these engagement activities.

“Most of the times you cannot attend these team parties because you have your shift at that time” (I-FLE3)

“I used to enjoy these activities when I first came in but now I do not find them very interesting – it is kind of boring doing the same thing every time” (I-FLE4)

“There is no real involvement from everyone so you also lose interest – just doing things for the sake of doing is no fun” (I-FLE12)

Some interviewees (5) shared that team outings, dinners or get-togethers were organized only when the client sponsored the outing or the dinner once in every four or six months and they were mostly organized at restaurants or places which were less expensive.

“Not much fun!... not that they take you to those big fancy places like Mainland China or Sigree ...There is no fun if you are taken to those places where you go with your friends many times” (I-FLE4)

“We were taken to Sinhgad Fort for a group outing- of all places! Just because it is closer and we can use our own commute. I would rather take a walk inside the beautiful xxx [IndianCo] campus which is more relaxing” (I-FLE8)

On enquiring whether employee engagement initiatives and robust infrastructural facilities played any role in enhancing employee morale and retaining employees all interviewees opined that activities labelled as employee engagement initiatives were just a means to unwind and reduce monotony and had no role in reducing attrition. The majority attributed high rates of attrition to low pay, insecurity of working on new processes, politics at work, inadequate salaries and financial incentives, reduced benefits and facilities and low levels of trust in the company culture.

6.5 Professional Identity of Employees

All frontline interviewees near the end of their interview were asked to comment on how they viewed their work and what would they do in five years' time. The objective was to understand employees' sense of attachment to their work and professional identity under the current employment conditions.

Half of the frontline interviewees highlighted the disparity in status and recognition between employees of *IndianCo* and its parent IT company. They expressed dissatisfaction that their work is considered by the top management as less

significant than the work done by an employee of the parent IT company. As I-FLE6 said:

“They think we do less brain work than the guys over there. If you talk to the IT guys there they would say that anyone can do our work – there is not much one needs to know to do this kind of work but this is not 100 percent true – there are complex jobs coming in and you need to have solid domain knowledge to do such work” (I-FLE6)

Similarly I-FLE8 and I-FLE12 also shared their experiences of feeling subjugated when it came to working with IT employees from the parent companies.

A significant majority of the employees interviewed with very few exceptions (I-FLE3, I-FLE9 and I-FLE12) viewed their current work in the BPO sector as stop gap arrangements before moving into something better. Quite a few (I-FLE9, I-FLE10, I-FLE11) were pursuing further studies on a part time basis while others (IFLE1, IFLE2) wished to pursue higher studies. Few others (IFLE5, IFLE7) wanted to start some business of their own in near future. I-FLE8 whose parents did not want her to work for a BPO company left her job after working as a frontline employee in *IndianCo* for 4 years. At the time of the interview she informed that she recently started working as a freelancer providing voice and accent training to BPO frontline employees. She expressed strong desire to pursue an MBA and move to the parent IT company. I-FLE2, a network engineer who came to Pune from a “mofussil town” to search for a job in an IT company was honest to say:

“I took up this job to support my stay in Pune and look for better jobs. This is what I could get at that time. I stay with my relatives here and as soon as I get a good job I will move out and rent a flat on my own.” (I-FLE2)

He further added:

“My parents don’t know that I work for a BPO company – I told them that I work in a US insurance process.”

IFLE12, an outstanding performer with international BPO work experience said:

“There is not much that I am looking forward to from this job, my main aim is to clear my CFA [Chartered Financial Analyst] exam. But I cannot be dependent on my parents at this age, I am 26. You probably know it is very hard to clear the papers

for CFA so I do not know how much time I will take to clear all the papers. I need a job till then.” (IFLE12)

I-FLE3, a network engineer who held a positive approach about his job and maintained a cheerful disposition throughout the interview shared his mantra of coping with the demands and the pressures of his job which is indicative of how he considers work to be not part of his “life”.

“The moment I step out of work, I switch off the work button. There are two buttons for me – the work button and the life button. You cannot keep both on at the same time ... At work switch off your life button and after work just switch off your work button.” (I-FLE3)

I-FLE12 summed up her experience as follows.

“Huge diversity of roles and responsibilities, international environment and assignments - The bureaucracy is incredible! BPO management is committed but weak - impaired by corporate rules and controls coming from the parent IT company. Rules around people management and progression simply make no sense – reduces employees’ sense of personal value” (I-FLE12)

and I-FLE10 said:

“I used to look at the huge XXX [IndianCo] campus from outside and would dream of joining it someday – the enthusiasm with which I joined is no longer there – six years and I have seen it all” (I-FLE10)

6.6 Conclusion

In summary, findings reveal that *IndianCo*’s strategic shift post crisis involved the ‘aggressive’ pursuit of clients beyond the parent company’s portfolio, and had become a ‘transformational partner’ (I-SM1) for clients which included bringing upfront improvement in the clients’ business process and year-on-year cost reduction. *IndianCo*’s aspiration to secure higher-end transformational deals (I-SM3; I-SM5), a departure from providing commoditised services, required *IndianCo* to offer a wide spectrum of pricing models to clients, to be flexible to clients’ ever changing scope of work and undergo frequent contract revisions and renewals. Diverse initiatives within its ‘aggressive’ pursuit of clients such as promising extra deliverables at no cost,

adapting to frequent changes in clients' scope of work created a demanding and uncertain work environment. *IndianCo's* organizational response to increased client demands was 'a company-wide strategy of operational excellence' (I-MM2) which was characterized by lean methodologies combined with technological initiatives designed to standardise processes to operate at a lower cost with "minimum hassles". The companywide strategy of cost reduction generated excessive workloads and reduction in monetary rewards and facilities earlier offered to frontline employees and employee testimonials reflected a sense of detachment to their jobs.

Chapter 7 Research Findings: findings from *GlobalCo*

7.1 Introduction

Chapter 7 presents the findings from the Global Service Provider case study organization, *GlobalCo*. In presenting the findings, it follows the sequence of the research questions raised and conceptual framework discussed in Chapter 5. The findings from the analysis of senior management interviews are presented first followed by findings from the analysis of middle management and frontline employee interviews. The chapter is organized in three main sections, i) Perceived effects of the recession (Section 7.2), ii) Consequences for work and employment (Section 7.3) and iii) Employee experiences of work (Section 7.4). Under perceived effects of recession, senior management interviewees mainly focused on the increasing demands of BPO services and changing client expectations and demands, evolving pricing models, the resulting change in business focus and current levels of attrition. Findings from middle management interviews mainly describe post crisis employment conditions in relation to *GlobalCo*'s business model, such as emphasis on strong client-partner model, shift from commoditized to differentiated offerings and client involvement in operational matters. Findings also present the impact of these on HRM practices mainly, training, performance management, employee engagement activities, and rewards, recognition and benefits. In the section presenting the findings related to employee experiences of work, the interviews with frontline employees reveal the impact of post crisis employment conditions and HRM practices particularly in terms of work intensification and extensification, experiences with performance appraisal, rewards and recognition, and employee engagement activities. Findings presented highlight that although employees were positively disposed towards working for "high profile clients" and "great incentive offers", they experienced increasingly demanding work and constant pressure to perform and excel under *GlobalCo*'s heightened emphasis on quality. Outcomes for underperformers were bleak under harsh performance system and 'double monitoring' (client and *GlobalCo*) with employees living in a state of constant fear and insecurity. Frontline employees' provide mixed evaluation of pay, rewards, benefits and facilities offered and designate 'fun' as an important element of

their work. The chapter ends with findings on how frontline employees viewed their current work reflecting their sense of professional identity.

7.2 Perceived Effects of the Recession

7.2.1 Increasing demands of BPO services and changing client expectations and demands

All five senior management interviewees said that the natural reaction of most of their clients immediately after the recession had been to tightly scrutinise their investments. Their prime focus however was to generate immediate cash flow that was promised by outsourcing/offshoring. The general response from all senior management respondents had been that though the immediate impacts of the recession were felt in *GlobalCo*, the degree of its severity was less pronounced/evident in comparison to other BPO companies. They informed that no new processes or new clients were added in *GlobalCo*'s portfolio during that period but the existing clients continued with their business by extending their contract for the ongoing processes.

“Processes did not get ramped down altogether and business still continued coming in at a slow pace. You could not have asked for anything more at that time” (G-SM1)

Speaking on *GlobalCo*'s current business conditions, all five senior management interviewees were unanimous in reporting that in the past four years major new projects got added increasing business volumes to a level that led *GlobalCo* to plan further expansion of business in India. One of the senior management interviewees (G-SM3) said that the economic downturn in the West “actually proved to be a blessing in disguise” for them as *GlobalCo* experienced significant increases in business volumes and was successful in getting some high-end, tech oriented processes from the clients in the last couple of years. G-SM5, who was a speaker in the BPM Strategy Summit (2013), spoke about the positive business environment and the “bullish market” that promised commitment of growth. He enthusiastically spoke of the huge investments being made in expanding *GlobalCo*'s business in India. Other senior management interviewees also confirmed *GlobalCo*'s expansion plan in India. G-SM5, G-SM4, G-SM2 informed of *GlobalCo* making heavy investments in India by

expanding its centres, re-modifying some of its real estate as well as planning to add more centres and double its people head count.

All senior management interviewees attributed this to their robust infrastructure and benefits of maintaining a “steady” relationship with the clients. G-SM5 and G-SM4 boasted of a high profile client base who have “been with [*GlobalCo*] for years now” giving continuous business and in the recent years have expanded their scope of business. According to one of the senior management interviewees (G-SM2) who has been working with *GlobalCo* for the last eleven years:

“Benefits of cultivating a long lasting relationship pays – they are now able to trust us with more important work, we have been able to convince them over the years that we have their goodwill in mind and would not let them down” (G-SM2)

Senior management sounded confident of their position in the BPO market.

“Customers took a leap of faith with us post-recession. Have grown from one customer to another – added several verticals – lot of lines of businesses have grown. We are focused on outcomes in terms of performance levels, in terms of metrics that matter to our clients ...” (G-SM5).

“Large providers like us have greater efficiencies and the ability to offer global delivery of outsourced projects...” (G-SM2)

The senior management attributed their confidence to “consistency” in service delivery that customers are able to experience irrespective of which location they are getting the service from. Emphasizing operational excellence through “Process consistency” a senior management interviewee, G-SM3, spoke about how their “XYZ” operating model which is a proprietary framework of principles, practices, and tools and has been developed with over 100 process standards is critical to superior service delivery as it helps deliver unique customer experience from every location in the world.

All senior management interviewees however reported increased client expectations and demands. G-SM5 spoke about clients becoming increasingly “sophisticated” in many respects in terms of their expectations. Besides low-cost operations, they are looking for “greater flexibility and scalability, faster time to market, greater discipline and round-the-clock processing”. G-SM1 shared his experience of dealing with clients in the travel and hospitality and retail industries who

expected *GlobalCo* to make their business run smarter by applying objective insights into their available customer data. He spoke of teams at *GlobalCo* engaged in creating a complete customer picture for these client businesses by “mapping customer journey, finding out statistical linkages and providing root-cause insights”. It was reported by all interviewees that clients asked for more value in terms of money with some looking for improvement in working capital while others expected increase in collections and DSO¹⁷ (Day Sales Outstanding) reduction.

With “superior service delivery” (G-SM3) or “near flawless quality of service” (G-SM5) most of the senior management interviewees also reported clients expecting to have greater say in *GlobalCo*’s operational matters. G-SM2, G-SM4 and G-SM5 however articulated this as clients wanting to have “closer ties” with *GlobalCo* and “showing interest in developing long partnerships”. All senior management interviewees said that clients expected *GlobalCo* to make significant impact on their business outcomes besides meeting the prescribed SLAs and also informed that many clients provided lucrative incentives to teams on exceeding performance and “going beyond SLAs”. G-SM2 added that it indicated “*They [clients] are more into developing partnership with us than having things on dictatorial terms.*”

7.2.2 Evolving pricing models

Senior management interviewees (G-SM3 and G-SM4) did report many clients still using the conventional and the most prevalent method of making payments based on FTE rate per hour for the processes that had been running with *GlobalCo* for a long period of time. They cited that these clients found this pricing model simple to understand and implement and effectively used this to compare prices across other vendors. However, G-SM5 spoke about the need for more evolved pricing models for “sophisticated” clients who expect *GlobalCo* to “deliver impact beyond cost arbitrage”. He commented that clients post crisis started to realize that a FTE based model did not create enough incentives for service providers to pursue efficiency and

¹⁷ DSO is the measurement of the average length of time it takes a business to collect revenue after making a sale.

make impact on clients' business needs or outcome and as a result wanted *GlobalCo* to structure contracts around their business needs. He explained:

“One has to remember that here today we are dealing with a much more sophisticated buyer who is constantly asking questions on our contribution to his business outcome. A pure FTE-based pricing regime is today proving insufficient to cope with the increasing intensity of competition in the market. This mode of pricing which has been quite prevalent in the industry is making it difficult to deliver impact beyond cost arbitrage as it does not align pricing with business needs or outcome of the client.” (G-SM5)

G-SM1 and G-SM2 viewed this as clients post crisis looking for more cash flexibility in terms of making payments to *GlobalCo*. Besides rendering few hourly resource-based or transaction based services to clients G-SM1, G-SM2 and G-SM5 gave other examples of structuring contracts around the business needs of the clients. With some larger BPO projects they reported that it was made possible for clients to arrange payments over the life of an outsourcing contract, allowing clients more cash flexibility. G-SM5 and G-SM2 apprised that some of their clients wanted to start new projects without having to pay the upfront execution cost required to initiate a BPO project. So recovery of transition costs by bundling them into the price of services rendered was also made available to these clients so that they do not have to start with undue capital burden.

7.2.3 Change in business focus

GlobalCo's operating model post crisis combined proprietary analytics programs and omni-channel technology to achieve better customer experience goals, be it better first contact resolution (FCR), reduced customer effort or other key business metrics. While continuing to maintain voice services G-SM2 reported that plans to add agent services which are “multi-channel” as well as omni- channel”.

“Customers are on chat, email and other social media networks which clearly give us an opportunity to further build and grow in this area.”(G-SM2)

G-SM2 explained that using “multi-channel” (phone, email, social media, web chat) it is easier for the customer to get in touch with businesses anywhere and at any time.

However, this does not imply that customer interaction data is actively shared through multiple channel as with omni-channel technology. It tracks customer journey over across multiple channels to create a synchronized, consistent and unified experience for the customer. G-SM5 explained the benefits of omni-channel technology:

“If a consumer switches channels in the course of a transaction, an omni-channel solution ensures that this switch is seamless and delivers a coherent message across each touch-point. This results not just in improved customer satisfaction but efficient customer service.” (G-SM5)

Explaining the use of omni-channel in the retail industry, G-SM2 informed that consumers are driving the move to omni-channel retail.

“Whether they are in store, on their smartphone, using chat from their desktop, or on the phone, they expect seamless and easy service experiences regardless of the channel they use.” (G-SM2)

G-SM4 explained how they are envisioning complementing traditional phone based requests with an online forms capability around HR forms and documents for all outsourced HR processes. He mentioned the use of a digital repository providing archiving and retrieval of all completed form transactions.

“The focus is on improving communication touchpoints that create a stronger relationship management solution” (G-SM4)

G-SM3 reported increasing use of technology for all customer interactions and informed that *GlobalCo*'s investments in technology have helped deliver in-depth technical knowledge to client businesses. G-SM4 emphasized the need to continuously invest in technology to remain competitive and keep enhancing IT capabilities.

Above the conventional offerings in financial, retail, telecom and tech space G-SM5 informed about providing high end insurance and healthcare support which are specialized services and promises to give a lot of edge in terms of future growth -

“We have been building on our existing lines of business – currently the buzz word is health care. We have consolidated quite a lot in health care as well - OBAMA care is leading to lot of service providing needed for every American citizen. We are in a big way into claims processing now using analytics and risk modelling techniques.” (G-SM5)

G-SM2 and G-SM5 explained that the healthcare industry in the US has been reshaped by Government reforms. New business models and rapidly evolving technology continue to reshape the industry which has resulted in empowering consumers. They noted that *GlobalCo* is helping these companies (clients) overcome the challenges of serving a “new and empowered consumer base” by providing “HIPAA/HITECH¹⁸ compliant solutions” that are customized to the organization’s unique requirements. They added that these solutions are arrived at by combining advanced analytics, omni-channel technology, and skilled and “licensed” (certified) talent.

All senior management interviewees believed that the kind of experience and proficiency India offers in tech-related issues is difficult to find in other geographies. Speaking about India having a scale of advantage over other countries like the Philippines, G-SM5 and G-SM2 further added that the quality India offers in web support and high end analytics is hard to find in other cheaper offshore destinations and that is where *GlobalCo* is going to have a strong business focus.

7.2.4 High levels of attrition

All senior management interviewees admitted high employee turnover giving rise to the need to hire people in large numbers. G-SM5 reported hiring 500 to 800 people every month for various new processes and to “backfill” (replace/refill positions that has been vacated). G-SM3 and G-SM4 looking after the HR function also admitted *GlobalCo* “onboarding” a large number of employees on a weekly basis due to high rates of attrition. Citing reason they attributed this to their frontline employees enjoying greater market value in the BPO job market due to the compelling *GlobalCo* brand, heavy investment in training and development and strong work culture. When asked how *GlobalCo* managed hiring such large numbers of people on a regular basis senior management interviewees responded positively. All senior management interviewees reported that *GlobalCo* being a global brand in BPO is an

¹⁸ United States legislations (19996, 2009) HIPAA and HITECH lay out strict standards governing information security and privacy of patient information – have increased potential legal liability for non-compliance and provide for more enforcement. They also throw up a number of challenges like high costs, tracking regulatory changes and extensive documentation. *GlobalCo* also provides a framework to help client organizations streamline and automate all aspects of HIPAA/HITECH compliance

employer of choice for many and thus sourcing candidates was not a major issue at the entry level. G-SM4 and G-SM2 cited employee referrals as a significant source of new hires. Speaking about strong recruitment practices G-SM3 and G-SM4 commented about their 24x7 recruiting helpline, *GlobalCo*'s India Facebook page and virtual job fairs. G-SM2, G-SM3 and G-SM4 who believed in "catching them [employees] young" stressed the strength of social media in building connections among employees. They believed that with proper coordination, employee connections can easily be turned into employee referrals.

To ensure quality of new hires G-SM5 spoke about stringent checks and objective evaluations done of employees who are made the final offer -

"We follow a global operating model. They go through 60 days of training to go into production. So after recruiting 100 only eight to ten might make it to the floor - so look at the selection to offering ratio!" (G-SM5)

G-SM4 also informed of the launch of a new initiative where candidates, whose scores are close to the passing rate are given two weeks communications training to help improve their chances of getting hired.

When probed on the common industry culture of "poaching" employees from competitors to address attrition the senior management interviewees were unanimous in emphasizing the *GlobalCo* culture of not "poaching" people in large numbers from any of its competitors. According to them this would result in creating "mini cultural pockets" within the organization which would jeopardize *GlobalCo*'s image as a global service provider.

7.3 Consequences for Work and Employment

7.3.1 *GlobalCo*'s business model and employment conditions

7.3.1.1 Strong client-partner model

The middle management interviewees also reported an increase in business volumes similar to senior management interviewees. The majority of them spoke about the major acquisitions that *GlobalCo* completed that year (2014) and spoke of the

strong relationships with a loyal customer base. For example, G-MM1 who had fifteen years of experience in the BPO industry including eight years in *GlobalCo* said –

“We have a strong base of very reputed clients – we have nurtured a strong relationship with each and every client we have on board – over the years these relationships have strengthened. (G-MM1)

G-MM2 in his interview also emphasized the “strong client - partner model” existing in *GlobalCo*. Both G-MM1 and G-MM2 had joined *GlobalCo* before 2008 and experienced working there through the recession. Both informed that cultivating a strong and long lasting relationship with clients helped *GlobalCo* “sail through the recession without much hiccups” (G-MM2).

“When everyone was talking about recession, salary cut offs and layoffs, people working in this company were actually asking where is RECESSION?” (G-MM2)

“In fact we did not have to take recourse to major cost cutting or go in for any big lay-offs. We have been able to maintain a more or less stable work environment despite the economic turmoil affecting other work places.” (G-MM1)

G-MM1 further added that they “did not face much of a problem [during recession] as business never stopped coming in altogether”. G-MM2 having worked for nine years in *GlobalCo* cited the reason saying that their clients did not want to take risk with any new service provider during the “difficult times” and were “more comfortable continuing business” with *GlobalCo*. G-MM1 and G-MM2 however admitted that the contract volumes initially fell immediately after recession and client decision making remained delayed for a longer time for certain new business process contracts.

7.3.1.2 From commoditized to differentiated offerings

Speaking about *GlobalCo*’s business scenario post 2012 all middle management interviewees reported that the demand of business process management services for *GlobalCo* remained healthy. While G-MM5 spoke about clients signing contracts of longer durations, G-MM6 reported seeing “larger deal sizes coming in” and G-MM1 said – “our deal pipeline looks healthy”. G-MM7 informed about winning a large deal that was earlier serviced by the BPO arm of an IT-BPO firm for eight years before coming to *GlobalCo*. G-MM6 informed that a highly reputed American

multinational technology company outsourced their first and second level enterprise technology support to his team at *GlobalCo*.

All middle management interviewees subscribed to the senior management claim that *GlobalCo* besides offering commoditized services has started making differentiated offerings due to increased consumer expectations. They also added that they operate in a much more challenging business environment than before due to stringent regulations, stiff competition, higher fraud risk and profit margin pressures. For example, G-MM2 while talking about some of the insurance processes said:

“Regulatory changes, continued economic pressures, and evolving business models are combining to create disruption and creating the need to drive transformation in the insurance industry” (G-MM2)

G-MM6, a team lead for one of the most prestigious technical support processes in *GlobalCo* talked about rapidly changing complex products.

“The pace of change in the technology industry is unrelenting – there are daily software changes, weekly upgrades, and monthly rollouts of new devices” (G-MM6)

G-MM1 talked about clients of financial services organizations demanding delivery of personalized, compliant service for their customers across customers’ preferred channels due to higher fraud risks and stringent regulations.

Talking about clients’ need to understand and manage consumer expectations G-MM4 in his interview reported teams working on the complex task of designing and maintaining “enterprise CX management [customer experience management] program” for their clients.

However, with longer duration projects running and the “business pipeline” looking “healthy” middle management interviewees sounded confident of *GlobalCo*’s position in the BPO market. They attributed *GlobalCo*’s ability to provide job stability and maintain a fairly consistent job environment to strong long lasting relationship with the clients. But with increased client demands and expectations they all reported a highly pressurized, goal oriented and client driven work environment arising out of direct involvement/participation of the client in hiring, monitoring and rewarding of employees.

7.3.1.3 Client involvement in operational matters

Client representatives making onsite visits frequently to oversee operation of processes were reported by most of the middle managers interviewed. G-MM3 informed about his high profile client sending representatives for onsite visits every time there is an update or launch of new software product. G-MM7 reported clients making onsite visits unannounced or making visits on very short notice (announcing it a day or two before). Explaining the challenges associated with client visits he said:

“To keep the show running smooth all the time is not an easy task - there is a lot of pressure and stress on managers and team leads – we are literally on our toes everyday trying to make sure things run smooth as much as possible . We have to be alert and be prepared for these visits anytime” (G-MM7)

“Client visits have become really important for us, and when they visit it's imperative that you give them the right impression” (G-MM1)

G-MM2 informed that the visiting onsite representative may ask for a brief meeting with the team members or might decide to go around and interact with the members of the team. G-MM3 and G-MM5 informed that clients instead of “side jacking calls” (sit next to the agent to listen and evaluate call quality) would prefer to engage in brief chats and discussions with agents. G-MM4 while sharing his experience informed that on one occasion the client representative directly called up one of the team members he spoke to on his visit to seek some work related information. He added that since then the client representative adopted this method to check on “how things are going” and called up any of the members from the team to casually chat about their work.

All team leads interviewed (G-MM4, G-MM5, G-MM6 and G-MM7) reported that they find these visits from the client representatives stressful but few like G-MM4 and G-MM7 also admitted that it made their team members take work more seriously. G-MM4 for example said:

“I felt a bit uncomfortable and insulted in the beginning for surpassing me and directly talking to them [team members] but now when I think I see that it has actually worked in my favour – it has put more pressure on team members to be alert and take their work seriously.” (G-MM4)

However, team leads in general reported experiencing anxiety about their teams' performance and expected their teams to "put up a good show" on every client visit. G-MM1 and G-MM2 informed that these visits are expected to be used as opportunities by the team leads to build stronger relationship with the client. They explained that a great part of team lead's performance was measured on how well they handled client visits.

G-MM1 commented that managers are increasingly using *GlobalCo's* performance management tools and analytics practice proactively to identify and utilize new trends, ideas and insights from their teams. Team members are expected to develop significant insights from analysis of their customer data and suggest changes and improvements on a continuous basis.

"Today it is not just about executing tasks – they need to be able to engage in a conversation or discussion when asked about what they are working on and how it is related to the bigger objectives of the process they are working for" (G-MM1)

All of the managers interviewed stressed the increasing need for agents to properly address the customers' need the first time they called. For that they expected their teams to possess deep process or domain knowledge and be abreast with the rapid changes affecting the particular industry they are catering to so that they can clarify customer doubts and provide additional customer education as needed. G-MM6 spoke about one of *GlobalCo's* technical processes where every person working in the process is expected to have good knowledge of the client's products including its operating systems, applications, services, web servers, and enterprise servers etc. Every time the client launches a new product and/or an update, his "techies" have "to burn the midnight oil to master that piece of software". He further added that his technical support team needs to not only keep up with the rapid change, but also help make the complex simple for the customers, be it individual consumers or businesses.

G-MM7 spoke about client involvement in hiring candidates. While sharing his experience about his team that provides advanced technical support to businesses he informed that even people with relevant experience and advanced certifications were hired for the process in consultation with the client who spoke to the final round candidates on Skype and formally approved the hiring.

All interviewees spoke of increased pressure from clients to go beyond meeting prescribed SLAs and bring transformations to the processes. G-MM6 and G-MM7 informed that many of the *GlobalCo* clients have adopted a “carrot and stick approach” towards delivery of performance instead of the “conventional stick approach”. G-MM1 and G-MM2 further explained that in the initial years of outsourcing, contracts were drawn with the understanding that failure to meet SLAs would result in penalty for *GlobalCo* but now many of the *GlobalCo* clients also offered handsome incentives in case of exceeding performance. G-MM6 informed that his “high profile client” offered incentives in dollars every month to outstanding performers which often exceeded their monthly take home salary. G-MM5 handling one of the hugely successful telecom processes of a renowned US client informed that the client offered a handsome bonus to the team after the team designed a personalized strategy to enhance customer satisfaction and debt recovery. G-MM7 spoke about his client offering a lucrative “joining bonus” to new hires who delivered outstanding performance within the first three months of “going live” on the floor by reducing the number of follow up calls by customers to a significant extent and setting up examples for others. Clients offering handsome incentives and/or sponsoring team parties and outings in top restaurants and expensive locations and/or giving generous Diwali¹⁹ gifts was commonly reported by all middle management interviewees.

7.3.1.4 Culture of idolizing “good employees”

G-MM1, G-MM2, G-MM5 and G-MM7 informed that client initiatives of incentivizing performance created a culture of idolizing “good employees” and “great brand ambassadors” within *GlobalCo*. Referring to *GlobalCo*’s compelling brand that caters to high profile clients some middle management (G-MM4, G-MM7) interviewees perceived client strategies to monitor and incentivize *GlobalCo* employees as measures to promote a culture of performance excellence that will strengthen *GlobalCo*’s internal brand while others found client involvement in their operational matters as rather intruding and quite pressurizing. But they also agreed that it kept their team focused on achieving results. G-MM6 for example said:

¹⁹ Diwali is the biggest Hindu festival of lights celebrated every year in autumn

“There is heavy competition for these incentives - everyone is closely monitored for their performance and they know how performance scores matter - so they are serious and work really, really hard” (G-MM6)

All middle management interviewees reported use of competition and benchmarking among various processes and within their teams, and making comparisons and holding up good examples to generate consistency and reinforce what good looks like. Some interviewees (G-MM3, G-MM4 and G-MM6) explained the challenges associated with such work arrangements where there is a constant pressure to perform and excel and create a culture of “idolizing” “Good” Employees and “Great brand ambassadors”. G-MM6 for example said:

“People who are not able to perform that well and live up to the client’s expectations start seeing themselves as losers and failures. They start suffering from low self-esteem. They get mentally disturbed and this affects their performance further.” (G-MM6)

7.3.1.5 Increased responsibility for team leads

Team leads interviewed (G-MM4, G-MM5, G-MM6 and G-MM7) found handling such cases as challenging and adding to their already high work load. They reported that with such cases they are required to “bring HR into the picture” and are also expected to give extra coaching to these employees and monitor their performance closely.

These team leads also reported excessive work load and pressure due to the need to continuously monitor and document each team members’ performance. They reported that they are required to conduct regular assessments and tests and give continuous feedback and coaching. They reported taking extra responsibilities and being available beyond working hours to help team members achieve their targets. The following testimonials provide ample evidence:

“I have to continuously monitor their performance – I monitor their calls, check their case management with them, give monthly tests and provide continuous feedback. I have to send emails, reports – every day I send a report about how many cases do we have in the entire team, what is the status...” (G-MM4)

“I have to be continuously by their side, available 24/7 even after my working hours ... I have to help them with the cases when they are stuck – get calls at three o’clock in the night - I am stuck brother can you help... So what I do is I take remote of his computer and then I start trouble shooting from home at 2 or 3 in the night.” (G-MM6)

“I have my email synced to my phone – I get the messenger link that we use – so anytime anybody can ping me – I have to be always available in case my team members need me” (G-MM5).

“It is not an easy job – people who say anyone can do it– ask them to come and sit at my desk – I often work on my off days ... if any member is on leave or call in sick I need to pull up their case through a long hectic route and work on it, prepare report ... ” (G-MM7)

“I have to do a lot of things – if one of my engineers has not done well – the customer is not happy with what he has done I have to get on call and take the responsibility...” (G-MM6)

7.3.2 Employment Conditions and Impact on HRM practices

Middle management interviewed reported strict measures adopted to provide quality service to their high profile client base. They particularly spoke/informed of the current practices and policies adopted in relation to training, performance management, reward and recognition and employee engagement activities.

7.3.2.1 Training

Given the need for employees to acquire the knowledge and skills demanded by clients *GlobalCo* puts considerable effort into training reported G-MM3, one of the senior managers working for the training function. To keep employees focused and responsible and teams interested in their respective processes/projects she informed that managers and their team leads were being coached to acquaint their teams with the science and metrics behind the whole project/process for which they were accountable. According to G-MM1 this helped agents “make sense” of the performance management measures adopted. G-MM4 reported quality evaluators

holding regular meetings with agents on how to improve call quality and make a greater number of “wow” calls. A “wow” call is where the customer appreciates the agent for the support and help provided over phone at the end of the call. G-MM4 informed about this being one of the important criteria in agents’ CSat (Customer Satisfaction) scores in recent times.

All middle management interviewed emphasized that the focus of training was not only on improving communication skills but also on enhancing subject matter knowledge/domain knowledge unlike before when attention was mostly paid to develop communication skills. Citing the significance of subject matter knowledge and communication skills in delivering voice support today G-MM2 said:

“The pace of the change happening in the industries we support is very fast – every day the policies change, everyday there are new terms and conditions, it is all very complex - agents have to have clear knowledge and understanding of these. They should also be able to simplify these for customers on the phone. So knowledge and communication both play a very important role in delivering voice support today” (G-MM2)

G-MM1 while referring to omni-channel technology highlighted the importance of “deep domain knowledge” required by agents to provide quality customer experience.

“For omni-channel strategy to be effective agents need to have deep domain knowledge. They need to have a seamless view of customer interaction history and for this they need to be empowered with different technology systems that will help them do that” (G-MM1)

Team leads interviewed reported adopting various methods to enhance communication skills and subject matter knowledge/domain knowledge required to provide a quality customer experience. The following testimonials provide evidence -

“I have ten people in my team and everyone has a different technology to work with I give them a topic; you study, make a power point presentation and come to office tomorrow and give presentation to the entire team.” (G-MM6)

“...holding regular team meetings where agents listen to recorded calls, evaluate the call based on the broad guidelines, and discuss their responses as a group. We call this calibration ... a simple way to share best practices and establish mutually agreed-upon expectations for customer service...” (G-MM4)

Instead of the most commonly used method of “side jacking on live calls” to give coaching and feedback G-MM4 commented on the growing use of call calibration sessions by team leaders to communicate thorough understanding of the performance standards and objectives to agents and provide consistent feedback. All four team leaders interviewed reported witnessing collective engagement of agents in call calibration sessions with shared learning taking place. This contrasted to live side jacking sessions which team leaders admitted were stressful and caused much anxiety among the agents. G-MM5 also reported that a live side jacking session with each individual agent was more time consuming and the success of a side jacking session with an agent depends a lot on the ability of the particular team leader or quality analyst to communicate feedback professionally and provide coaching effectively.

G-MM7 mentioned the growing popularity of refresher training within his team members that not only provided them with a break from their calls but also helped them revise important aspects of the technology they supported and provided opportunity to discuss recent upgrades and changes.

“I take those topics and divide amongst us ... we take a break from calls – go to the training room – take about 30 to 45 minutes and give refresher training and that helps.... I will take 7 members into the room – give them a presentation or if they have prepared I ask them to present that. I send them back and get the other eight in.” (G-MM7)

G-MM3, a senior manager associated with the training function for last four years in *GlobalCo*, reported the company putting considerable effort into training for its employees to acquire the knowledge and skills demanded by clients. She informed that besides providing generic training on “cultural sensitivity”, “accent neutralization” and customer handling over phone the nature of clients’ products determined the customized training that employees needed to have. Informing about classroom based modules she spoke about classrooms equipped with “technology-based training screens” that facilitated delivery of training on the clients’ products and systems and the questions that were likely to arise.

She also informed of “on-going support” provided to team leaders who get chosen from high performing agents with high technical understanding but “required training on tools used to monitor and drive performance”. She, like all the team leaders

interviewed, cited giving feedback to agents as critical to the team and business success and informed about three month long training provided to team leaders to prepare them for their role. Team leaders interviewed however apprised that the classroom component of the training was only five hours and they had to undertake most of the modules online. In this context G-MM3 informed that *GlobalCo* increasingly deployed e-learning as a preferred means of training delivery within a blended approach. G-MM3 mentioned that there is increasing pressure to “bring up agents to speed” and minimize “time to competence”. All 4 team leaders interviewed informed that “minimum time to competence” was considered as an important measure of performance in their scorecards.

7.3.2.2 Performance Management

All middle management interviewees reported adopting strict performance measures in order to meet client requirements. They commented on the increasing need to monitor follow-up calls because in addition to being an indication of customer dissatisfaction, follow-up calls created an overall increased call volume which, in turn, required more agents. They all spoke about strong assessment of employee knowledge that has become imperative with frequent changes in policies, government regulations and technology upgrades. Team leaders reported giving evaluation tests to their team members every month or quarter to check their knowledge on the process they are working on. G-MM6 spoke about his team delivering voice support for a highly technical process that provides server support to major businesses on behalf of a reputed US multinational technology company.

“Every month there is an evaluation on the technology they support – it has questions on everything about what they support – it is something that is hanging all the time on their head. It is not that if you are a subject matter expert you will be asked things from your known area of the technology – it could be anything related to the technology you support” (G-MM6)

G-MM1 commented how client requirement to enhance call quality made quality evaluators “work round the clock” to monitor calls.

“They might pick up any random live call to listen to and the agent will not come to know of this. This system of check was in place before also but now quality evaluators are required to be more vigilant and check more number of calls this way - they have to be on the go all day. This has helped get the quality mantra across to all.” (G-MM1)

G-MM2 and G-MM7 also reported of such strict quality measures adopted for processes that *GlobalCo* has acquired in the past couple of years.

“Each person in this team is required to sit a practical test every month. And if you fail the test 3 times in a row, you will be asked to leave...” (GMM2)

Strict performance criteria set by the client and “double monitoring” by the client and *GlobalCo* together has also resulted in many demotions, people getting zero incentives and no performance bonus. G-MM6 said:

“If their score card does not show good numbers there is no incentive coming for them - even few points can make a big difference to their incentives - by ten to twenty thousand rupees I mean” (G-MM6)

Testimonial from G-MM5 gave an idea of the extent to which clients became strict on performance issues.

“After a recent visit by the client’s representative, some supervisors got demoted back to agent’s role as the client was not happy. The consequences are strong for not performing.” (G-MM5)

He informed that these agents got recent promotions as team leaders. The client representatives were dissatisfied with these new team leaders for escalating too many cases from their teams to the escalation engineer.

Clients’ intolerance for non-performance was highlighted by all middle management interviewees and that was reflected in their views and approaches adopted towards performance management. G-MM1 in his interview said:

“We have objective tracking mechanisms. We cannot afford to show tolerance for non -performance. Performance improvement plans are in place and it is a serious business as we move towards a more value driven model.” (G-MM1)

G-MM6 and G-MM7 reported of strict performance evaluation criteria adopted for their “techie buddies” (agents) working in two large revenue generating “technical accounts” (processes) in *GlobalCo*.

“ABC and XYZ [names of processes] for example while evaluating performance, the management weighs up CSAT, Case Closure and quality. When the performance is 80 % and above, the techie is rated as ‘Exceeding Expectation’. If one is ranked between 70 – 80 %, then one is listed as ‘Meeting Expectation’. Anything lower falls in the ‘Needs Improvement category’” (G-MM7)

All middle management interviewees informed that if agents did not clear assessments and fell short on performance scores more than three or four times they were asked to resign. All team leaders interviewed found it emotionally challenging and difficult to ask agents to leave.

“The hardest part of the job is taking the ultimate decision of relieving the employees from their jobs based on performance and company policies”. (G-MM5)

“No, there is no policy of them shifting or moving into a different process – you are out – then you are out – XXX [GlobalCo] never takes you back” (G-MM6)

“Some really need the job and you know they trying their best- it is difficult to take them to a room and tell you no longer have the job – some even cry – some say they will try harder – it is emotionally draining ...” (G-MM7)

7.3.2.3 Rewards, recognition and benefits

Besides clients providing lucrative financial incentives middle management interviewees also informed about *GlobalCo*’s internal reward and recognition platform to recognize employee achievements in a bid to further uphold the culture of “idolizing” “Good” Employees and “Great brand ambassadors”. G-MM1 and G-MM2 described senior management’s agenda of articulating rewards and recognitions around superlative performance, high level of customer focus and strong willingness to innovate and deliver results against the toughest odds. G-MM1, G-MM2, G-MM4, G-MM6 and G-MM7 informed that members from their team received “Star Achiever Awards” for achieving the highest levels of customer service and cost effectiveness and delivering outstanding results. These awards they informed comprised of star-

shaped lapel pins and a scroll detailing the individual's achievements. Interviewees also reported *GlobalCo* handing out “Tenure Recognition” mementos and certificates and gratuity to employees who completed five years of service with the company. In this context G-MM1 and G-MM2 indicated that *GlobalCo*'s retention rates have increased as internal promotions for agents in *GlobalCo* are above 80 per cent which “represents the percentage of employees who have already moved to the next level in their careers” (G-MM2).

Middle management highlighted *GlobalCo* putting resources into providing meals, transport and security given that calls come from customers spread across different time zones and work takes place round the clock. All middle management interviewees reported highly subsidized meals, food vouchers, snacks and beverages made available to all employees during all shifts and also mentioned corporate discount vouchers made available to employees for the majority of retail chains and hospitals. They reported 24 hour free home pick-up and drop facility provided to all employees through *GlobalCo*'s transport services. Escort guards are provided to ensure the safety of female employees traveling alone during night shifts between 5:30 pm to 9:00 am. Considering the security of female employees working in nightshifts, G-MM2 reported *GlobalCo* using state-of-the-art cabs fitted with GPS, which helped the centralized operations team to track the whereabouts of any cab across the country.

G-MM1 and G-MM2 reported education assistance plan made available to employees who completed six months of service in *GlobalCo* and decided to pursue any degree/diploma or certification course of minimum 12 months duration pertaining to the employee's current position or a reasonable attainable position within *GlobalCo*. G-MM4 and G-MM5 however informed that one needs to get recommendation or approval by their managers to pursue any further education. In this context the team leaders interviewed conveyed that *GlobalCo* normally does not encourage employees to pursue any formal education or enroll in courses when working for the company.

“It is tough for them as well as for the company – we have experienced this – for them their education becomes the priority and their work takes the backseat, work always comes second...” (G-MM2)

“They normally have commitment issues – do not understand work priorities ... take more leaves ... take leave without consent of team leader ... not show up for fun activities organized ... kind of less involved...” (G-MM4)

7.3.2.4 Employee engagement activities

Despite stringent monitoring and tightly controlled work atmosphere all middle management interviewees referred to *GlobalCo* as a “lively place to work” (G-MM6) where “fun” is considered as a “serious business” (G-MM1). G-MM4, G-MM5, G-MM6 and G-MM7 informed that in order to strengthen *GlobalCo*’s brand strategy of ‘creating a fun place to work’ the company allocated a “handsome” budget for employee engagement activities. According to the majority of middle management interviewees the active involvement in fun-related activities help people de-stress and also fosters positive and beneficial inter-personal relations that ultimately get translated into effective work relationships. G-MM2 added that with employees “spending more and more hours at work” *GlobalCo* provided an “extended home” for them. G-MM7 said anyone could make use of the means available within office premises to feel “comfortable” and “at home” such as play a racing game in the PlayStations, relax in the lounge and chat over a steaming cup of coffee, play table tennis, chess, and carom or computer games in Internet kiosks during their breaks. G-MM4 said:

“The objective is to keep the work atmosphere informal so that employees loosen up, feel comfortable, and have fun at work.” (G-MM4)

Middle management was unanimous in agreeing that employees were given sufficient down time to prepare for activities that they took initiatives to organize such as fashion shows and fun games during Diwali and Dusshera. Interviewees also reported *GlobalCo* organizing lavish annual and quarterly parties, clients sponsoring team outings and get-togethers frequently to keep fun and excitement going along with work.

“It is quite tough for them – there are always evaluations and tests hanging over their head – it is important to keep the fun and excitement going to cope with the pressures of the work” (G-MM5)

Some team leaders (G-MM5, G-MM6, G-MM7) however, divulged that they are encouraged to use such activities to extract more information about work related issues and problems within their teams. As G-MM5 said:

“What one cannot share within the formal confines of an office can surprisingly come out in an informal and interactive environment.” (G-MM5)

Besides fun and relaxation, G-MM1 and G-MM2 occupying senior middle management positions reported the need to organize employee engagement activities within a “more meaningful context” and informed about companywide “exciting events and competitions” organized on various occasions that one can participate in and win prizes. They informed about all-India competitions aimed at driving the customer satisfaction index (‘ABC’ Customer Experience Challenge), adopting English as the first language (‘XYZ’ English First Challenge), and many more that gave all employees an opportunity to participate and earn reward points and redeem those points in exchange for a variety of “goodies”. G-MM2 informed about *GlobalCo* planning to organize a five day long sensitization event to curb the evils of child labour and illiteracy with a third sector non-governmental organization (NGO). Activities like a slogan writing competition, playing award winning documentaries based on true stories of aspiring, underprivileged children, exhibition and the sale of exclusive merchandize from the NGO, will be carried out in order to engage and sensitize employees at the office premises of *GlobalCo*.

7.4 Employee Experiences of Work

7.4.1 Impact of business model/ownership structure

Of nine frontline employees interviewed, six were working as agents and three others (G-FLE7, G-FLE8 and G-FLE9) worked very closely with the agents on the floor providing HR support and evaluating calls. Of the three employees, G-FLE7 and G-FLE9 started their work in *GlobalCo* as agents and moved to lateral functions within *GlobalCo*. All nine frontline employees interviewed reported witnessing an increase in business volumes and enthusiastically spoke about their “high profile accounts [projects/processes]” they worked for and how they helped their clients maintain

exceptional relationships with their customers. They informed about their clients who wanted their customers to experience quality service. G-FLE1 said:

“We have to optimize customer experience across all transactions – it is not just about delivering good customer service anymore it is about customer engagement, providing customers with an experience that they remember and talk to others about” (G-FLE1)

G-FLE7, currently working as an HR business partner who worked as an agent before in *GlobalCo* said -

“Our clients are all big names – they are market leaders and rely on our services – the quality of service we offer thus needs to be of exceptionally high quality...” (G-FLE7)

Frontline employees interviewed reported working for telecommunication, financial services, healthcare services and technology verticals. While a majority of the agents reported having started their work with established “accounts” that were already running in *GlobalCo* for many years others (2) reported working for large size technical “accounts” that were three to four years old.

A significant majority (6) provided voice based phone services with some (G-FLE1, G-FLE2 and G-FLE3) offering chat support along with reported that they were required to provide “best-in-class” customer service and meet customer requirements through “first contact resolution” eliminating the need for the customer to follow up with a second call. They reported that faster resolution equates to lower support costs and enhanced customer satisfaction.

G-FLE2 working for a retail account talked about strengthening relationship with customers and “drive higher conversion rates”:

“The focus is on deepening relationship with customers [consumers or other businesses] and driving additional revenue for the client – the goal is to acquire new customers and help them spend more. We have to identify who are our promising customers ... determine how and when to contact them, what communication channel to use for these high value customers and offer them the right plan or scheme at the right time ... this way we can drive higher conversion rates.” (G-FLE2)

G-FLE6 working for a large size technical account of a highly reputed US based technology company (client) reported providing technology support to big businesses. They reported trouble shooting customer issues related to enterprise servers and cloud computing using phone and the Internet. G-FLE1 and G-FLE3 reported troubleshooting customer issues related to Internet broadband, cable, DTH, modem, router and mobile handsets. These interviewees informed that for complex technical issues, multiple contacts are often inevitable. Some issues require research and cannot be resolved on the spot. In either case, ongoing communication with the customer while the problem is being resolved is the critical factor and “effective case closure” within the shortest possible time is aimed for.

G-FLE1, G-FLE2 and G-FLE3 who also provided “live chat- support” referred to it as *GlobalCo*’s preferred channel for customer interactions as it offered an increase in agent productivity. They reported engaging with customers via “chatbot”²⁰, web chat, proactive chat offers and mobile chat”. They mentioned about their “optimized desktops” that make agents manage two to three chats on one computer screen at the same time. To make concurrent chats possible and maximize agent productivity the desktops include pre-defined templates, bookmarks, quick responses, and macros and also provide a “360-degree view of the customer” (all available and meaningful information about the customer generated by software and computer systems that combine data exploration, data governance, data access, data integration and analytics). G-FLE2 explained that agents need to take this information into account to drive better customer engagement, long term loyalty and more revenue.

7.4.2 Impact of employment conditions and HRM practices

7.4.2.1 Work intensification and extensification

Despite talking zealously about their “high profile accounts” all frontline employees interviewed reported highly demanding work and excessive work pressure. Working twelve to thirteen hour shifts was commonly reported. Employees in their interviews described various aspects of work intensification and extensification.

²⁰ A chatter robot - a computer program designed to simulate an intelligent conversation with one or more human users via auditory or textual methods

Employees also reported that with increasing commuting times they were left with practically no time to do or think of anything other than work.

G-FLE7, a quality analyst explained how demanding their work has become in the recent years with focus on the “quality aspect of the work” which is becoming increasingly important for the clients. She reported analyzing and evaluating at least four to five calls per week for each agent on the floor and produce detailed report.

“I have 20 agents on this floor- that makes it 100 calls per week for me. I have to often sacrifice my off days” (G-FLE7)

G-FLE8 and G-FLE9 also reported working during their weekends off most of the time. They also reported getting calls in the middle of the night to come and address emergency HR issues related to agents working in evening and night shifts. Giving an example, G-FLE8 referred to an incident where two agents had a serious fight inside the company cab on their way back home. She had to rush to the hospital in the middle of the night because of one of them getting seriously injured in the “cab fight”. Both G-FLE8 and G-FLE9 had handled such incidents with varying degrees of severity twice or thrice in a month.

All agents interviewed reported growing significance of FCR (first contact resolution) rates as an important performance metric. G-FLE7 working as a quality analyst commented:

“Instead of opting for the common performance metrics focusing solely on time, such as AHT or ASA²¹ the objective has now shifted to improving FCR rates”.

G-FLE1, G-FLE2 and G-FLE3, all pointed out that their managers would even accept an increase in talk time or average handling time (in case of a Chat support) as long as there is an increase in first contact resolution rate. G-FLE4 and G-FLE5 explained that “first contact resolution” required them to make extra efforts to address customer requirements. Their testimonials provide insight into this aspect of work intensification.

“It does not stop at answering their query, clarifying their doubts and providing a solution. We need to confirm whether customer understood the solution, also probe

²¹ AHT - average handle time (talk time + post-call wrap up and any hold time during the call) or ASA - average speed of answer (how fast an agent picks up the phone)

for understanding of their requirements and provide additional information if needed so that customers can opt for some more services on offer related to the product.” (G-FLE4)

“We need to maintain customer file, update information and do quarterly analysis of the information gathered – it is essential to understand what customers are saying and why they are saying so – who are high value customers and who are low value customers and how to engage them differently” (G-FLE5)

Another aspect of these agents’ work intensification included conducting needs-based selling by using non-scripted probing techniques to determine customer needs and to offer the most appropriate product or service to address their needs.

Agents providing chat support reported handling two to three concurrent chat sessions at one time which they experienced as quite demanding. For example:

“I learnt handling three parallel chat sessions at one time and it is not easy ... To keep a customer engaged, it is paramount the time between responses is minimized. The greater the time between responses, the greater the chance the customer will become distracted or abandon the session - – I am cycling from one response to another without break” (G-FLE3)

“Engaging the customer becomes challenging as you are moving to and fro between several messages – looking at the screen to take other information available of the customer into account before you type your response – and doing this for three customers at the same time – you can imagine! How hard it is - you are human being!” (G-FLE2)

G-FLE8 and G-FLE9 admitted that although concurrent chat sessions offer an opportunity to increase agent productivity, the customer’s experience of a “quality service” gets compromised to a great extent. The duration of each interaction within a chat session significantly influences the time a customer needs to wait for a reply while an agent is responding to another customer.

Frontline employees working as agents on voice processes reported exhaustion from “being on the phone” most of the day. G-FLE7, G-FLE8 and G-FLE9 who worked very closely with agents providing HR support or analyzing the quality of their calls shared agents’ experiences of handling more irate customers calling with questions about their billing or account status or insurance claims. They noted that

agents were required to apologize to irate customers even if it was not the agent's fault. They had to do it to calm down the customer and make him/her feel better. They reported that while some agents took such things in their stride knowing angry customers were part of doing business, many others found it "quite draining" and "demeaning".

"Many a time you are not at fault, the customers simply do not want to understand ... they make unreasonable demands ... ask you to bring down their bill amount... give them discounts... which the agent cannot do but it is the agent who has to keep apologizing to them, listen to their angry outbursts patiently and try to make them understand." (G-FLE9)

"The most difficult and stressful part of the job I must say is when you have to deal with angry customers in a row – some days are like that – and the issues would be something that you cannot solve due to the terms and conditions of the company" (G-FLE7)

The following testimonial from G-FLE8 working in an HR support function is reflective of how employees perceived dynamics affecting work experiences.

"We have more number of irate customers now... it is not that it has something to do with our service, they are not happy because they are not able to pay their bills, recession took their jobs, they take out the frustration on us... the agent was trying to explain this customer her bill but she was just not ready to listen." (G-FLE8)

G-FLE7, G-FLE8 and G-FLE9 further added that agents found it challenging to deal with such customers as those customers would make repeated calls to check if someone can offer them a different solution. In such cases they explained that the number of customer contacts made for that particular issue increased and negatively impacted the agent's FCR (first contact resolution) rate.

7.4.2.2 Pressure to perform and excel – increasing (enforcing!) accountability

While managers were of the opinion that the rigorous and strict performance management system adopted by *GlobalCo* helped to increase accountability on the part of the employees, frontline employees interviewed held mixed opinions and views. While a majority (6) of them reported feeling anxious about their performance

scores, incentives, and meeting targets, quite a few (4) found clients' offer of lucrative incentives and bonuses, and clients' involvement in operational matters as motivating and encouraging. However, they all admitted that there was constant pressure to perform and excel with performance evaluation criteria becoming very strict and stringent as clients post-crisis demanded "smart" and "zero error" service delivery.

"There is a sense of fear and anxiety all the time in our minds whether I will get my incentives this month, what if I don't get the test scores right, what if the client is not happy - I think this does not make you productive" (G-FLE2)

"There is tremendous opportunity for people to learn in these processes provided they have what it takes to perform. They have REALLY, REALLY made it difficult for everyone for that matter these days but also there are great incentive offers for top performers who are taking in 5 figure bonuses home every month." (G-FLE4)

"These are BIG clients and they are taking the time to get involved now – coming and talking to us – checking how things are – they show a lot of interest in what we do and want to know more – gives you a good feeling that they are taking such interest in the work – we must be doing something really important for them" (G-FLE6)

All agents interviewed reported facing increased pressure to improve their FCR rates and produce more "Wow" calls. G-FLE2 gave an idea about how team leaders and quality analysts created pressure on agents.

"Every time someone succeeds in making a "Wow call" the team leader or the quality analyst on the round would clap for the agent and then make everyone clap for him - so there is kind of a competition that gets built – they use this tactic... if you cannot make even one 'wow' call a day you start feeling bad yourself" (G-FLE2)

As a result all agents interviewed reported making relentless efforts towards improving their FCR rates and informed that major rewards and recognition were anchored to this important metric. They all reported attending "call calibration sessions" and considered them as useful. G-FLE1 said that he got to know of "very" important tips from other members about effectively handling calls. G-FLE3 referred to the sessions taking place in a "supportive" and "collegial" environment while G-FLE5 shared experiencing more confidence and liked the encouraging atmosphere and the humour used to explain customer call requirements. G-FLE5 gave an example to explain the use of humour.

“We were listening to a call from a complaining customer, the quality analyst said – now here you have a cry baby ...” (G-FLE5)

G-FLE7 said that the sessions helped them to understand their team members better and create good relationships.

Agents also reported working hard to enhance domain specific or subject matter knowledge. They spoke about taking time outside their regular work hours to remain relevant and updated and reported going through documents, regular updates, completing domain specific training modules, reviewing materials from training with their teams, making presentations to their teams and taking quarterly or monthly evaluation tests.

“In our team we have adopted a practice of making a presentation to the entire team after one completes a training module successfully. This way you share what you learn with your team.” (G-FLE4)

“I provide high level technical support ... I have to research on various technical aspects and troubleshooting issues pertaining to XXX-based operating systems” (G-FLE5)

“I attended classes in the evening after work and during the weekends... XYZ certification modules are very expensive... I had to pay from my pocket ... the policy is if you clear [pass] the module then you get the amount reimbursed [by GlobalCo]” (G-FLE6)

G-FLE2 shared that for many getting strong financial incentives directly from the client on exceeding expected performance was the source of motivation to make such extra efforts whereas G-FLE8 and G-FLE9 informed that “double monitoring” by the client as well as the company and the constant need to perform and excel made many employees quit *GlobalCo* as they found it difficult to handle the pressure. G-FLE8 working in *GlobalCo* for the last five years with a total experience of eight years in the BPO industry commented:

“You will get pushed to your last nerve... time is not your friend anymore ... you got to pick up things fast and move on to deliver results ... if you can take the pressure you are in” (G-FLE8)

G-FLE8 and G-FLE9, the HR business partners working closely with the agents for more than five years stated that the pressure to perform and excel began right from the day agents got hired. Involved actively in recruiting people for *GlobalCo* they revealed that the company hired and trained people in bulk over a period of three weeks induction training and then picked the best 4 to 5 out of over a dozen people and retained them. The following testimonial from G-FLE6 provides further evidence.

“If I talk about our process they hired 20 people - only 8 or 10 of us could make it to the floor – so it is that tough. We 20 were hired – we were trained for three to four weeks and then there were evaluations done, tests given every week and only 50 per cent of us could make it to the floor”. (G-FLE6)

Agents reported that they were expected to learn things fast and strict evaluations were part of any training they attended in their recent times. They expressed dissatisfaction with training durations not being sufficient enough to help them learn things well to their satisfaction. The following testimonials highlight the pressure on employees to perform and pass evaluations with a minimum number of days of training provided.

“You have 2 weeks of training, and they expect you to be almost a “wiz” at the damn thing... The ABC [name of the client] Interface is easy to navigate but very tricky and complicated to remember how to use.” (G-FLE3)

“Training is not easy to get through ...during the training they are very soft and nice to you until when the evaluation comes up... you might get evaluated on the last day of the transition to the floor and they will say you did not pass the test” (G-FLE1)

G-FLE9, a veteran in the BPO sector shared that *GlobalCo* clients enjoy a strong reputation in the market. They adopted a more cautious approach towards retaining their consumers (be it individual or big businesses) following the recession. They did not want to take chances and wanted “smart” and “zero error” service delivery. He put things in perspective as follows:

“The evaluations were not this tough before – everyone who attended training knew that they would pass the evaluations – it was more of a regular thing to fulfill client requirement” (G-FLE9)

7.4.2.3 Carrot and stick approach to motivation

FLEs reported that on exceeding expectations, strong financial incentives were received directly from the clients which were the source of motivation for many working in *GlobalCo*. However, on falling short of performance expectations, employees were penalized or even forced to resign. Although team leaders provided the necessary support and guidance for FLEs to meet performance expectations, non-performance was dealt with strictly due to clients' strict performance requirements and close monitoring. Tougher requirements placed on frontline employees made them turn to their peers for help and support.

“This account gives us a lot of incentives ... there is lot that they expect from us but we also get rewarded handsomely for the work that we put in” (G-FLE6)

G-FLE8 and G-FLE9, working in the HR function informed that agents besides taking handsome yearly performance bonuses took lucrative monetary incentives home every month that exceeded their monthly take home salaries many a time, whereas they (G-FLE8 and G-FLE9) received no such incentives or bonuses despite stretching hours regularly, working on weekends often and addressing emergencies beyond their work hours. G-FLE8 explained:

“HR is considered as a support function and we do not bring in revenues directly - the management considers us as cost centre – so no incentives or bonuses for us” (G-FLE8)

Employees (G-FLE1 and G-FLE10) interviewed also reported people getting zero incentives or no performance bonus when performance requirements were not met. As G-FLE1 added:

“The company values its employees but has become very strict when it comes to discipline and targets because the client has become very strict, they come onsite every now and then and keep track of everything...”

G-FLE2 cited an instance when he got a significant amount of money deducted from his incentives for falling short of his overall performance requirement for the month by just a few points.

“There are six points on the score card for the test scores [every month]. Six points can make a huge difference to your incentives... I achieved my targets but still lost around 7 thousand rupees - just for not getting those six points”. (G-FLE2)

Explaining client strictness on performance issues G-FLE4 shared the following:

“The performance bonuses are based on 4 to 6 metrics, depending on line of business. Shortfall in any of the two metrics might lead to getting no performance bonus at all” (G-FLE4)

Most of the agents (8) interviewed noted that it was not uncommon for them to fall short on numbers for certain metrics due to personal circumstances such as their own sickness or sickness in the family or other family issues but they tried hard every month so that they could fetch as many incentives as possible. In this context it was common for agents (G-FLE1, G-FLE3, G-FLE4, G-FLE5, G-FLE6) to mention that they got valuable advice, constant guidance and required assistance from their managers and team leaders to complete their assigned targets but when it came to non-performance they had to take required actions and follow the policies. G-FLE4 remarked:

“People around here do not talk in shades of grey but pure black and white, so everything is straight forward and clear- you perform you will get all the help but if you don't then you find some other place” (G-FLE4)

A significant majority of FLEs (6) interviewed shared that “forced resignations” were common in cases of FLEs falling short of performance scores.

A majority (7) of the agents interviewed mentioned that tough performance requirements made them also seek support from their peers. They all reported that they normally found their colleagues helping and supportive. The following testimonials provide evidence.

“The best part of my job is the people that I work with. Everyone is always ready to help and encourage one another” (G-FLE5)

“There is lot of focus on working together in our team - we work together to make sure that we do our job accurately and also learn about the updates and the changes” (G-FLE6)

7.4.2.4 Employee benefits and facilities with tough requirements

Among some of the facilities and benefits that interviewees mentioned repeatedly was *GlobalCo* providing 24 hour free pick-up and drop-off for all employees and highly subsidized food, meal vouchers and corporate discount coupons to retail chains and hospitals. They informed that many other known BPO companies had stopped offering free transport and food to their employees since the time of recession. They all mentioned about XXX Meal Pass, a useful tax friendly benefit which gave them an option to choose their meals from any of the XXX affiliated restaurants, office canteen, food courts and outlets. They informed that they could opt for fixed allowance of rupees 1100 per month as meal vouchers or rupees 13,200 per annum as a salary component.

Also highlighted by interviewees was the security provided to female employees working in nightshifts. They reported *GlobalCo* using state-of-the-art cabs fitted with GPS which could track the exact location of the cab. They also reported *GlobalCo* providing guard service to escort female employees to their doorstep.

However, interviewees expressed dissatisfaction with other benefits that *GlobalCo* claimed to provide such as leaves, medical insurance and the employee education assistance plan. All interviewed reported that they could not use their entitled leaves due to their work loads and found it hard to get leaves approved. G-FLE8 reported managing to take only 12 authorized leaves in her entire five years of working in *GlobalCo*. She also divulged that her colleague found her work load significantly increased after returning from her maternity leave. All interviewees commented that taking unapproved leave counted negatively towards employees' 'attendance' metric, one of the important metrics based on which performance bonus decisions were made.

Confirming findings from middle management interviews, G-FLE8 and G-FLE9 working in the HR function noted that from 2012, *GlobalCo* did not encourage employees to pursue any formal education or enroll in courses when working for the company despite claiming to offer education assistance. However, there are instances they cited where employees after having worked for certain numbers of years were given permission to enroll in part time degree programs under certain terms and conditions as was evident in the case of G-FLE8. She managed to seek approval for

enrolling into a self-funded one year course in International HR in NUS (National University of Singapore) after having performed consistently well for four and half years in *GlobalCo*. G-FLE5 and G-FLE6 shared their experience of wanting to pursue a certain certification course pertaining to the technology they worked with.

“It was quite hard for me - I attended classes two days a week with the afternoon batch and then did night shifts – I had to do it outside of work hours which I could manage somehow... twice my shifts clashed with the class time – I requested for leave but it was not granted.” (G-FLE6)

“You have to think before doing it because you have to pay from your pocket- if you cannot clear the exam, XXX [GlobalCo] will not reimburse the fee.” (G-FLE5)

Agents interviewed did not care much about the medical insurance provided by *GlobalCo*. Some did not know about how to avail the benefit and others reported that the medical insurance that was provided came with low premium (which *GlobalCo* paid) but high deductibles and was not of much benefit.

7.4.2.5 The business of “fun” at work

A majority (7) of the frontline employees interviewed were consistent with middle management interviewees who had commented that “fun is a serious business” (G-MM1) in *GlobalCo*. G-FLE2 referred to *GlobalCo* as a “fun place to work” and G-FLE5 said “there is never a dull moment”. G-FLE8 and G-FLE9 spoke about extravagant parties and outings organized in five star restaurants, popular discotheques and “posh places” which other interviewees also mentioned in their interviews. Every interviewee mentioned about people enjoying “free booze” at company’s or client’s expense in these parties. Agents interviewed enthusiastically talked about organizing activities such as fashion shows, Diwali celebrations, contests like tug-of-war and theme-based dressing. They reported that they were given required down time (sanctioned time off) to organize and prepare for these activities. They informed about “Employee Interest Groups” that organized photography, dance and music sessions. Most of the interviewees were of the opinion that those activities in general helped to unwind and reduce stress from the job and mitigated the adverse effects of stringent monitoring and tightly controlled work. According to G-FLE8 and G-FLE9 these

activities also provided opportunities for socialization and helped to build networks within the organization in terms of moving into lateral roles in HR and quality analysis.

However, agents painted a negative picture of the infrastructural facilities made available to the employees contradicting middle management's reference to *GlobalCo* as an "extended home" for the employees. The following testimonials provide ample evidence.

"No free coffee ... no freebies that we used to get ... the cafeteria ends before it even start..." (G-FLE3)

"You are banned to browse most of the websites in the Internet kiosks..." (G-FLE6)

"Most of the times lift won't work – no clean toilets – parking issues ... horrific admin management!" (G-FLE1)

"Very less office space...parking is a headache everyday..." (G-FLE4)

7.5 Professional Identity of Employees

All frontline interviewees near the end of their interview were asked to comment on how they viewed their work and what would they do in five years' time. The objective was to understand employees' sense of attachment and identification with their work under the current employment conditions.

Despite strong incentives and significant long duration projects coming in with fun and engagement used as key levers to increase the employee retention rate, high levels of attrition in *GlobalCo* gives rise to questions about employees' sense of attachment to the organization. *GlobalCo* reported high employee turnover with average turnover in voice-based processes between 45-50%, and non-voice operations between 15-20%. HR business partners (G-FLE8 and G-FLE9) interviewed reported that they "on board[ed]" (recruited) 100 employees every week due to the high employee attrition rate. They attributed this attrition to "burnout" from the demanding call centre job. They also added that *GlobalCo* employees enjoyed a greater market value in the BPO job market and any other BPO company would readily be willing to hire them which was another cause of high attrition. According to these HR business partners (G-FLE8 and G-FLE9), who have spent considerable time working in the

Indian BPO sector (Appendix 1, Table A1.3), large and “established players” will face higher attrition rates of 45% than the industry average of 35% for the same reasons.

G-FLE8 reported that *GlobalCo* attracted a lot of media attention due to their employees getting into trouble for social indiscipline or behaving in a rash manner outside work such as drunk driving, physical violence, verbal aggression and sexual misconduct. In this context, many frontline employees (G-FLE1, G-FLE3, G-FLE4, G-FLE5, G-FLE8) interviewed considered “being in a BPO job” as not “respectable” and did not consider it as a lifelong career option though they reported that they enjoyed the fun loving working culture in *GlobalCo*. When asked about professional identity of employees working in *GlobalCo* almost all middle management interviewees (except G-MM6) expressed concern over BPO work being considered as “rudimentary work” and felt that society’s “myopic view” in this regard was a major deterrent in developing employees’ sense of professional identity and attachment to their jobs. They held agents responsible for this to an extent and felt the need for them to behave more professionally outside work. One of the managers (G-MM2) managing a team of 40 agents however admitted that the job hardly gave employees the opportunity to be themselves. He further added:

“This is what makes the young fresh out of college graduates let loose when they are with their peers. They behave in ways that portrays a negative image about BPO jobs. And it is this image that media projects to the outside world of young people being caught in bad jobs losing their identity” (G-MM2)

A sense of detachment in the job was evident in quite a few of the employee testimonials. Back to back calling for eight to nine hours with just three 15 minute breaks, conversations with unknown people and angry customers from across the globe day in and day out, double monitoring and “strict documentation of performance on a daily basis”, “win-lose” work environment hardly helped impart a sense of professional identity.

“What identity? We are nothing but numbers, numbers measure who we are, what our value is, that’s all” (G-FLE1)

Some (5) of the agents interviewed provided interesting insight when asked about professional identity of the employees in *GlobalCo*. They informed that in the town

hall meetings the senior management had started referring to them as “our super agents”. G-FLE8 and G-FLE9 from the HR function validated this and said that agents were required to play different roles on different occasions. G-FLE2, G-FLE4, G-FLE5, G-FLE7 said they were constantly required to navigate from one identity to another for example when meeting the expectations of the customers they were handling, when trying to maintain a professional front within the organization, and when trying to maintain an image in front of family and relatives by adopting lifestyle changes. By lifestyle changes they meant a variety of things, such as sending parents on holidays, buying motorbikes, expensive mobile handsets, tablets and iPads, celebrating birthdays and anniversaries in expensive restaurants and buying white goods like a microwave oven, washing machine, LED television set. The following testimonials provide further insight on employees’ sense of professional identity

“This minute you are apologizing to the customer the next minute you are presenting your data to the client [over phone] - you are expected to sound confident and smart, the third minute you are coaching your team member and you are expected to show leadership skills – you have got to switch roles very fast here” (G-FLE4)

“I am planning to buy her [mother] a washing machine for Diwali, they have expectations- my aunt will ask what has your son given you for Diwali? ... if I do not give something good [expensive] people will think I am not earning enough – they think that BPO is not good job” (G-FLE5)

“You are never yourself, I sometimes hate what this job has made me become, I always wanted to be a wild life photographer and travel to different places.” (G-FLE2)

These agents said they could only feel relaxed and express themselves when they were in the company of their peers from the BPO sector.

For improving the general perception of BPO work in people’s minds senior management interviewed emphasized the need to move up the value chain and bring in processes that are more “significant” and “meaningful” in terms of giving employees a sense of learning and growth in their jobs which might in turn help develop professional identity. They claimed that *GlobalCo* to a certain extent has been successful in bringing in such projects where the attrition rate in the past four years has practically been between 1 to 3 percent. An interesting observation during the

interviews was that those (G-FLE5, G-LFE6, G-FLE7 and G-MM5, G-MM6) working in or leading such processes which are considered high end, semi-tech processes identified themselves more strongly with their clients than with *GlobalCo*. Instead of talking about *GlobalCo*, they preferred talking about their clients most of the time and described their work experiences in relation to the client rather than *GlobalCo*. Strong financial incentives directly from the clients, the technical nature of the job with opportunities for learning and direct involvement of the client in the performance management process seemingly conferred a sense of value to the job and identity to the individual performing that job.

7.6 Conclusion

In summary, the findings reveal that *GlobalCo*'s ability to leverage a global customer portfolio and strong relationships with clients helped *GlobalCo* 'sail through the recession without much (*sic*) hiccups' (G-MM2). Economic downturn '*actually proved to be a blessing in disguise*', enabling *GlobalCo* to expand Indian operations and new projects were added (G-SM3). *GlobalCo* established intimate client partnerships to provide 'superior service delivery' (G-SM3) or 'near flawless quality' (G-SM5) and carried 'specialised', technology-based activity, while remaining committed to existing businesses in financial, retail, telecom and tech verticals. *GlobalCo*'s ability to leverage its global expertise to deliver efficiencies was a key source of competitive advantage. However, *GlobalCo*'s strategy of developing intimate client relationships produced striking examples of increased demands from team leads and frontline employees. Unwelcome client intervention and scrutiny in operational matters and "double monitoring" generated a highly-pressurised, goal-oriented work environment with high degree of intolerance for non-performance for the frontline employees. Although frontline employees derived a sense of professional identity from working for high profile clients, undertaking technically innovative work and learning from peers and team leaders, employee testimonials reveal a heightened sense of fear and insecurity among them.

Chapter 8 Research Findings: findings from *CaptiveCo*

8.1 Introduction

Chapter 8 presents the findings from the In-house Captive case study organization, *CaptiveCo*. In presenting the findings, it follows the sequence of the research questions raised and conceptual framework discussed in Chapter 5. The findings from the analysis of senior management interviews are presented first followed by findings from the analysis of middle management and frontline employee interviews. The chapter is organized in three main sections, i) Perceived effects of the recession (Section 8.2), ii) Consequences for work and employment (Section 8.3) and iii) Employee experiences of work (Section 8.4) respectively. Under perceived effects of recession, senior management interviewees mainly focused on the increase in business volumes specifying the business imperatives of the core centre (*CaptiveCo* headquarters) and *CaptiveCo*'s business focus. Findings from middle management interviews mainly describe post crisis employment conditions in relation to *CaptiveCo*'s business model, such as strategies in relation to hiring, dispensing commoditized work and inculcating the bank's values and culture. Findings also present the impact of these on HRM practices mainly, training, performance management, employee engagement activities, and rewards, recognition and benefits. In the section presenting the findings related to employee experiences of work, the interviews with frontline employees reveal the impact of post crisis employment conditions and HRM practices particularly in terms of work intensification and extensification, experiences with performance appraisal, rewards and recognition, and employee engagement activities. Findings presented highlight that although employees enjoyed a market competitive rewards package and identified with the global brand of the bank and its employee engagement activities, employees experienced increase in workload, intense pressure to learn things fast and undertake their work without much support. Widely reported was their dissatisfaction with performance management and appraisal system practiced. The chapter ends with finding on how *CaptiveCo*'s efforts to instill 'professional like' norms and behaviours

befitting a ‘banker’ succeeded only partially in imparting a sense of professional identity.

8.2 Perceived Effects of the Recession

8.2.1 Increase in business volumes and core center business imperatives

All senior management interviewees of *CaptiveCo* reported witnessing increases in their business volumes due to strategic changes adopted by the core center post-recession. They informed that higher scrutiny by regulators in the US and Europe in the aftermath of the global economic crisis and a desire for tighter control of intellectual property resulted in the core centre deciding to rely on and open *CaptiveCo* as its own delivery centre in India. Quite a number of *CaptiveCo*'s senior management interviewees (C-SM1, C-SM2, C-SM6, C-SM7) reported that in the wake of changing regulatory frameworks as well as legal issues after 2008 the bank struggled to “churn out” sizable returns. As a result the “bank implemented sweeping changes to its business model” reported one of the senior management interviewee (C-SM2) of *CaptiveCo* who was aware of the bank’s ongoing group-wide reorganization plan but was not directly involved or part of it. Among the changes he talked about, the important ones were substantial reductions in its investment banking operations and retail banking, plan to divest non-core and non-profitable assets over the coming years and cutting down annual expenses to a great extent by 2016 which according to him will entail a 25 per cent reduction in operating costs compared to 2013. Another interviewee from the very senior management (C-SM5) who often traveled to the bank’s head office in UK informed that as a part of the proposed strategy by the end of 2016 the bank planned a dividend payout between forty to fifty percent to keep the investors and stakeholders happy. He (C-SM5) said “*In the coming years the xxxx [name of the bank] would consider shareholders’ interests more and welfare of its staff a bit less*”. He further added that the “dividend pay-out and return on equity goals” depended on the bank’s ability to achieve stable operating profits which the bank could pursue to a great extent through managing expenses. Pointing out how the bank’s strategies would lead to job cuts in the coming years, one of the senior management interviewee (C-SM1) who had moved to *CaptiveCo* in 2013 from the bank’s Tokyo office predicted:

“In order to reduce the bank’s expenses in the long run the bank has gone in for massive reductions in head count and job cuts already. More job cuts are expected in investment banking operations in UK and Europe - over the next two years more than 15000 job cuts might take place” (C-SM1)

In a bid to reduce operating cost and pursue improved profits the bank offshored hundreds of back office and support function roles to India to replace workers in London and New York and as per C-SM1’s predictions would continue to do so in future. Besides back office and support function roles, quite a number of interviewees (C-SM3, C-SM5 and C-SM6) also reported witnessing “high value added core center jobs” being shifted to *CaptiveCo*.

8.2.2 Change in business focus

According to these interviewees the quantum of savings possible for concentrating on the high-end of the business is much more as compared to the low-end of the business. One of the senior management interviewees (C-SM2) who claimed to be in close contact with his “superiors” in the UK office informed that with investors pressurizing for more action to curb bankers’ pay at the company, more jobs requiring advanced skills will be shifted to *CaptiveCo*. C-SM6 referred to *CaptiveCo* as a “high performing captive operation with rapidly expanding scope of service”. However, he did not want to divulge the details of the businesses coming like other senior management interviewees. Senior management interviewees in general shared that besides providing end-to-end support to the retail, corporate and investment banking and wealth businesses of the bank across the world it pioneered a number of technological initiatives with regards to supporting mobile banking or implementing contactless technology, providing best-in-class security servers and data storage that keeps the details of millions of customers completely safe.

C-SM1 and C-SM4 shared that the bank actively recruited top talent for *CaptiveCo*’s senior management positions from some of the world’s fastest growing emerging markets in Asia Pacific to handle growth and expanding scope of service or to put it in C-SM1’s term “enhance [*CaptiveCo*’s] critical mass in key areas”. C-SM4 remarked:

“Cream talent is available in the developing countries at a very cheap rate as compared to the western countries.”

Thus many of the senior management interviewees thought that besides wanting to retain data within one’s own set up, the core centre also wanted to leverage the talent pool available in low labour cost countries. Five out of seven senior management interviewees also pointed out that it is not only the lure of low cost operations but also the availability of wide talent pool in India that drew the global bank to set up its “shop” in India. As C-SM1 heading the India equities application said -

“It is not just cost arbitrage it is both cost and skill arbitrage that is working for them.”(C-SM1)

C-SM4 said –

“The main driver is not only to avoid instances of regulatory oversight but also leverage the talent pool available in low labour cost countries – the strategy is very simple.” (C-SM4)

C-SM6 shared how this possibility of more core jobs getting shifted to India created an uptight situation affecting the relationship between the core centre in London and the in-house captive centre in India.

“They surely are not happy about this. The last time I visited our London office, I could feel the tension in the air... I could sense this while interacting with my other colleagues. Found them to be quite terse in their interactions with me. Made me quite uncomfortable actually but I tried to manage somehow.” (C-SM6)

However, he informed that his superiors at the London and Glasgow offices were quite supportive and extended all the necessary help because of the onus they had on them to bring down cost and facilitate hassle free transition of jobs to *CaptiveCo*.

8.2.3 Manageable levels of attrition

Senior management in general reported an attrition of 15 – 20 per cent in *CaptiveCo*. In general the senior management interviewees believed that it was the global brand and the good pay and compensation structure offered by *CaptiveCo* that helped check attrition at entry level and frontline positions. C-SM5 explained:

“Entry level employees mostly come with experiences of working with service providers [Third part service providers]. Once they get to join us the salaries they get here are much higher. They know they cannot get this anywhere else.... they would at least need to spent some years, four to five years with a global brand like us before any other captive bank would make them an offer” (C-SM5)

When asked about attrition one of the senior management interviewees (C-SM3) with eighteen years of experience working with other global banks replied:

“Attrition is there but it is manageable – we are not greatly concerned– whatever attrition we have is actually good for us [chuckled!] – good to get rid of the dead wood” (C-SM3)

On similar lines C-SM4 having worked with third party service providers before divulged that it is a common practice in *CaptiveCo* to follow a dualistic form of workforce off record. He informed that in any team only a smaller proportion of the total team strength were considered integral and close to the decision making process of the project. The rest who were considered to be in the periphery and “not so important” could be easily dispensed with. It is only when the members considered core decided to quit that it mattered and the focus was mostly on retaining those employees.

8.3 Consequences for Work and Employment

8.3.1 *CaptiveCo*’s business model and employment conditions

8.3.1.1 Planned and judicious hiring

In *CaptiveCo* most of the senior interviewees emphasized that being the “global in house center” *CaptiveCo* was seen more as an “extension of the bank” and the business model pursued did not require services to be delivered around clients and pricing models which was unanimously agreed by all middle management interviewees. As one interviewee said –

“We are gradually maturing as a global in house centre of the bank and we tend to think of us as more of an extension of the bank and less as an offshore service provider” (C-MM2)

The middle management in general reported that they did not face constant cost challenges and pressures of strict delivery deadlines. However, the bank's focus on maintaining an "overall lean and mean operation" had an effect on the management of its captive center said one of the middle management interviewees (C-MM4). He informed that the bank took some tough decisions after the 2008 slump. It reduced a "chunk of its workforce" in its other Indian offshore centers during 2010-11 as a result of consolidating its corporate and investment banking operations. Since then the bank had been slow in adding head count to its offshore centers and recruitment was more planned as the bank had no plans to get into or invest in any new business in India. C-MM1 also informed that not much external hiring was permitted by the core centre for the additional work offshored to *CaptiveCo*. The following testimonial provides clear evidence in this regard.

"In order to reduce cost, company would move more core center jobs to centers in India ... you get both skill and cost arbitrage here... for us it is more work. We cannot hire more people for increased work – what is done is if there were ten people working on a project, now it will be reduced to seven and the other three will take up the extra work coming from the core center..." (C-MM1)

8.3.1.2 Hybridization strategy – dispensing commoditized work to vendor partners

Both senior and middle management interviewees reported *CaptiveCo* adopting "hybridization strategy" in response to the increasing work load due to significant portion of the bank's support function roles having moved to India. Under the strategy *CaptiveCo* outsourced "commoditized", "low margin work" to big Indian third party service providers commonly referred to as "vendor partners" (interestingly *IndianCo* receiving a significant chunk of the work). According to the interviewees not only did it allow *CaptiveCo* to focus on more high value core areas of work and increase scale of operations but also helped to reduce cost by not having to add permanent "headcount" for the "low -margin" work.

"It is a smart strategy I think. For us it is not sensible to add headcount for low margin, transaction based work where the demand is irregular and keeps fluctuating.

Our vendor partners [third party service providers] have required platforms or services to handle such fluctuations in demand and can deploy manpower accordingly” (C-MM5)

It’s a win-win situation – for XXX [CaptiveCo] it is convenience, improving scale of operations and cost savings, for our vendor partners it means more business – it is more of co-existence...”(C-MM2)

In this context middle management interviewees frequently referred to terms such as “trust” “co-existence” “vendor partners” “strategic partnerships” and “no rivalry or competition” projecting a smooth and harmonious relationship with their vendor partners. Onsite visit to *CaptiveCo*’s premise produced evidences undermining such projections. The employees of “vendor partners” were all required to carry out work from *CaptiveCo*’s premise due to security reasons related to business confidentiality. A separate section in the building was marked for work undertaken by employees of vendor partners with separate entry and exit pathways. The employees of vendor partners were strictly forbidden to enter the “XXX [*CaptiveCo*] floor” and were also subjected to video surveillance and additional security screening at the main gate. They were frisked before entering the facilities of *CaptiveCo*. Also C-MM1 informed that mobile phone use was prohibited and technology was used to monitor and record whatever data was accessed through employee computers.

8.3.1.3 Espouse parent company values and culture

Middle management interviewees laid special emphasis on the bank’s culture of driving business and achieving returns by following “strong values” (C-MM7). They spoke about a set of standards defined by the bank post crisis around high performance, integrity, driving customer or client loyalty, optimization, and effective risk management. They informed that all bank’s employees across the globe were required to work under the set standards against which the performance of every employee was assessed and rewarded. These standards governed all aspects of working relationships be it with other employees of the bank elsewhere or within *CaptiveCo*, or with vendor partners or customers, clients, governments, regulators or the broader community. Employees were required to undertake annual training, which included an

assessment to confirm understanding of the core values related to the “bank’s way of doing things” (C-MM5). C-MM3 informed that in the wake of bank reviewing its standards and practices post crisis employees of *CaptiveCo* were made to regularly go through training programs and workshops that were aimed at reinforcing codes, values and behaviours in an effort to reflect an ethical and positive corporate culture. However, some (3) of the managers interviewed admitted that it was hard to successfully monitor, measure and maintain employee adherence to the values under competitive pressures to perform. Managers in general typified *CaptiveCo*’s culture as driven by high learning needs, high level of accountability, corporate behavior, minimal supervision requirement and strict compliance to legal and regulatory requirements.

Most of the managers interviewed were of the opinion that since majority of the employees hired at entry level positions came with long (6 to 11 years) experiences of working in third party service providing organizations they find it initially difficult to assimilate with the culture of *CaptiveCo*. C-MM1 informed that coming from highly target driven work culture these employees get their approach adapted to working in certain ways. Constant monitoring and supervision due to extensively defined requirements and deliverables, low learning curve, insignificant intellectual property and business knowledge sensitivity were commonly cited as reasons for such an approach. C-MM7 working on the global service delivery side provided further insight.

“Our desire to gain long term efficiencies, long-term specialized resource requirements and retaining and building on the specific domain knowledge is difficult for them [employees] to understand in the beginning because [In third party service providing organizations] irregular, one-off projects require no long term commitment or very in-depth domain knowledge. So when they join us we need to sensitize them to these requirements... ” (C-MM7)

All managers interviewed considered the work done at *CaptiveCo* as different from that undertaken by service providers. One of the managers who got hired from *CaptiveCo*’s vendor partner three years back said:

“This is not usual routine customer service work that requires the manager to keep track of the number of calls or number of transactions done. XXXX [CaptiveCo]

outsources routine work to its vendor partners. The work here requires some decision making, attention to detail and knowledge about various banking laws and regulations – one has to use brain, be alert to work around areas of customer risk categorization, prevention of identity theft, financial fraud, money laundering and terrorist financing” (C-MM5)

In this context managers interviewed further conveyed that they had to constantly strive towards making employees subscribe to the global values of the bank and adopt professional attitudes and behaviors expected of bankers. The following testimonials provide some interesting evidence.

“Things common in service providing culture- taking tea breaks, loo breaks and what not – just like people do things in schools, going for casual chitchatting, stopping by somebody’s desk to chat, the fun and frolic that they get used to there –they need to change all that but old habits die hard –so we have to continuously remind them that they are now in XXX [CaptiveCo]” (C-MM5)

“The habits they pick up working for service providing firms, I mean the mindset ...doesn’t suit us, we are into investment banking, wealth management. Our clients are big corporates... Every day I have to tell my team that we are bankers and we need to behave like one” (C-MM1)

Putting the above into perspective C-MM4 said:

“The transition is big actually - it is no longer a customer calling to enquire about his insurance claim or book his air tickets – it is like... a lady who called the other day and said I need to transfer 80,000 pounds from my account to invest in... that is the kind of client we are talking about here – handling such clients- you need an overhaul in the mindset ...”

8.3.2 Employment conditions and impact on HRM practices

In response to the bank’s bid to reduce operating cost and optimize business, middle managers interviewed spoke of adopting approaches towards managing business costs and improve scale of operations in *CaptiveCo*. They generally spoke about improving utilization and effectiveness of people in *CaptiveCo* to drive down costs of the parent company but also expressed concern that continuous efforts to

address cost pressures might erode employee motivation or their commitment. In the words of C-MM3 and C-MM1:

“We cannot talk about reducing cost all the time. It does not go down well. People who join big captive banks like XXX [CaptiveCo] do not expect to see the kind of rigorous cost cutting that normally happens in service providing organizations” (C-MM3)

“For us managing business costs remain a top priority but it does not mean just cutting costs randomly – it is more about taking a holistic approach, a sophisticated approach to produce results, improve competitiveness, and increase performance.” (C-MM1)

8.3.2.1 Training

Most of the managers interviewed spoke about their “extensive and highly acclaimed training programs” and informed that the kind of learning that take place is valued by the employees as they get to make strong application of the knowledge gained into their projects be it client interactions, regulatory compliance and improvements, strengthening existing capabilities or building on domain knowledge. Referring to *CaptiveCo*’s training C-MM4 told that it combined “*top-of-the-range technology with deep sector expertise and a strong command of XXX’s [CaptiveCo’s] key businesses*”. However, C-MM2 and C-MM3 commented that those training programs were made available to the most promising employees who demonstrated potential for taking on new areas of work. It was not surprising given that *CaptiveCo* hired candidates on the basis of their past work experience and candidate’s suitability for the future role. The following testimonial of an HR business partner actively involved in the hiring process for the last four years provided further insight.

“The focus is more on attitude and potential. Is the person willing to learn and grow within the organization? How quick a learner he/she is? How well do they identify with our values? These are important for us to know when selecting a candidate.” (C-FLE7)

He further informed that *CaptiveCo*’s emphasis on hiring people who were quick learners resonated with the corporate value typified by “high learning curve”.

C-MM1, C-MM5, C-MM6 and C-MM7 spoke about the need for employees to learn on the job on an ongoing basis without requiring much “hand holding” or “classroom training”. To draw from one of the senior management interviews where the interviewee admitted:

“I don’t know if I should be saying this but we throw people into the water and we know that is how they will learn to swim [says laughingly]!” (C-SM3)

CMM6 said: *“Here they get an opportunity to build on what they have already got ... these guys come with at least six years of experience and sending them back to the classroom is like telling them ok let’s start from the beginning” (C-MM6)*

CMM3 said: *“It is all about setting bench marks – if we set it low that is what we are going to get – we cannot afford to lose time making people go through long induction training... we communicate this message day one that it is serious business here and you take ownership for your own growth and learning while adding value to your work.” (CMM3)*

8.3.2.2 Performance management

Senior and middle management interviewees unanimously reported that the bank made performance management a corporate priority in the light of the restructuring program it initiated post crisis linking performance to upholding company values and behaviours. They reported that considerable efforts were undertaken by the corporate management at the bank to communicate the values against which performance of every employee will be assessed. Regular town hall meetings were conducted and updates via webinars were made available to the employees. “Agile Methodology” and other Lean project management techniques were introduced that aimed to increase employee accountability for their projects. C-MM3 said:

“The message is loud and clear – the disciplined rigour adopted to assess and review performance creates a high performance culture of which you are a part of. So accept it if you want to be part of this culture or else this is not the place for you.”

As part of the formal performance review process all employees were required to fill in a self-review on which they received feedback from managers on how well or not they applied the values and behaviours in fulfilling their role.

Managers interviewed attributed *CaptiveCo's* tough-minded approach of ranking employees against each other and using 'forced ranking' method to the bank's policy. C-MM5 said very bluntly - "it helps cleanse out the slowpokes". According to the general opinion of middle managers interviewed, the less difficult path of not using forced ranking or some type of comparison of relative contribution would be perceived as counterproductive to business success because those employees at the top then will not be adequately rewarded, and therefore will not be retained. On further inquiry into the method of appraising employees most of the managers (5) interviewed admitted that it is a "harsh" way to evaluate one's performance but hesitated to replace the performance appraisal process that revolved around competitive forced ranking with regular feedback and continuous coaching and development.

"However harsh it may sound but there is no denying that the process literally forces performance issues to be addressed for an organization that is trying to tighten its management processes. There is no place to hide for people not performing; they get identified in this process" (C-MM5)

"Dealing with poor performers is a difficult job for any manager – you need to devote time...Continuous coaching and feedback! – Where is the time for that? Things keep changing in our sector every day, we need flexible, agile, intelligent people who can sense the tide and act accordingly without the need to be directed all the time" (C-MM4)

"We are only following what the bank has been practicing for years – this time of course with a new label [values and standards]. It is not easy for us to change the process which has been advocated and practiced by the bank for so long. Like all large organizations there is bureaucracy when trying to get things done." (C-MM6)

8.3.2.3 Rewards, recognition and benefits

Managers interviewed informed that the bank was gradually adopting a culture of recognizing extraordinary achievements tied to the context of a larger goal or

business-results-focused activity. C-MM4 informed that giving out certificates and trophies routinely to motivate employees who performed above average made employees view those awards as trivial which “anyone” could get “putting a bit of an effort” making such recognitions less meaningful. In this context managers interviewed commonly mentioned about STAR Awards and Monthly STAR Awards. C-MM1 expressed dissatisfaction with automated recognition system where employees could log in and encash their points earned citing that it removed the human touch which was important to effective recognition. C-MM1 and C-MM2 spoke about more meaningful ways they had adopted to recognize their team or any particular team member for outstanding performance. When an employee did something “above and beyond” he or she received a gift card of a substantial amount or a lunch with the skip level manager. Teams on achieving their goals were rewarded with a party in LeMeridien (5-Star Hotel).

All managers in their interviews highlighted that *CaptiveCo* paid at least 8 per cent above the market salary and yearend bonus of 10 per cent or above. C-MM1, C-MM3, C-MM6 and C-MM7 also reported that working from home option was frequently made available to employees depending on the nature of their project and the stage at which the project was. Besides these managers also reported providing other employee benefits such as personal accident policy, life insurance, doctor on-call etc. However, they did not report *CaptiveCo* providing facilities such as company transport for employee pick up and drop and free food or food vouchers.

8.3.2.4 Employee engagement activities

No cafeteria or canteen or other employee infrastructural amenities such as gym, swimming pool or game zones were seen on onsite visit to *CaptiveCo*'s premise. Each work floor had a small kitchen area with basic amenities like watercooler, coffee machine and microwave but did not have any sitting arrangement. While C-MM1 and C-MM7 admitted that there was no designated social space for employees to interact over a cup of coffee, come out of their cubicles and build camaraderie, other managers defended for the absence of social space and claimed that the “break out rooms” they had were found more useful by the employees where they held project related

discussions and exchange of ideas. Managers interviewed mostly said that employees who join them come with considerable years of work experience in third party service providing organizations where such facilities are commonly provided and thus they no longer hold an element of novelty or surprise for them.

“The question is what is going to add value? Tennis court, swimming pool, gym - they have seen it all – there is no point spending on things that is not going to add much value” (C-MM2)

Managers interviewed reported that employee engagement initiatives majorly centered on community development activities to support community organizations, NGOs and charities as part of the bank’s value of giving back to the community. In this context C-MM5 informed that the bank wanted to play a broader role in the communities they operated in as part of the bank’s value to give back to the community. The corporate strategy in this regard was to achieve this by leveraging its resources and employees’ time and expertise. Employees were expected to make significant contributions to their local communities by volunteering, fundraising and giving money. C-MM7 informed that in line with the bank’s fund matching policy the amount of money employees raised was matched by an equal amount from *CaptiveCo*. Most of the managers interviewed told that throughout the year employees were given time during working hours, as well as grants in some cases, to support volunteering activities for causes they cared for. C-MM2 also mentioned about the bank’s policy of giving two days off every year to the employees to donate their time and effort to the cause of their choice. The focus according to majority of the managers was to enhance employee experiences of what it meant to work in *CaptiveCo*. For example, C-MM4 said:

“We do not want to limit our employees’ experiences to just Fun Fridays and Monday Magics. There is a need to rise above those routine, playful activities ... add more meaning to their experiences – they should be able to go out and tell how different it feels to work here” (C-MM4)

Managers conveyed that such activities were perceived positively by employees and helped manage “brand identity”. C-MM1, C-MM4 and C-MM6 explained that the bank earned a lot of negative press during the recession for job cuts, layoffs and major reshuffles which effected the brand negatively. Post-crisis it intensified its efforts on being known as a value driven bank and wanted to communicate a message of trust,

transparency and goodwill to its stakeholders. One of the initiatives has been to “put on a more human face” (C-MM2) by giving back to the local community in which the bank operated. For managers this was one of the key indicators of performance and they also informed of increased resource and budget allocation for these activities.

8.4 Employee Experiences of Work

8.4.1 Impact of business model/ownership structure

All employees in general felt they were better placed than those employees working for service providers. All the thirteen employees interviewed perceived that they did complex work that required specialized skills and knowledge of banking regulations and use of new technologies and software. They informed that they were required to employ project management and change management skills and need to possess good knowledge on investment banking, current market trends and risk assessment and control to perform in their roles effectively. They were also required to have sound knowledge of Bank Secrecy Act and various other Global Anti-Money laundering policies. C-FLE12 also referred to Basel 3 changes and other significant new banking regulations in pipeline being developed by Basel that employees would need to master and have thorough knowledge of as there would be changes, challenges and opportunities posed by these regulations in banking. C-FLE1 working with *CaptiveCo* for four years reported that the bank is driven by technology and they get to make use of latest technologies like “Scrum” “Hadoop” and “Charles River application”. C-FLE6 shared how he developed in depth knowledge of Charles River application and data modelling while working on “different versions and implementations of Charles River IMS” across all areas of investment banking. C-FLE4, C-FLE5 and C-FLE6 reported making use “Agile methodology” and various other lean techniques in their projects. They viewed the use of these methods and techniques as “smart” and “knowledge intensive” allowing them to take ownership of their work.

Most of the FLEs interviewed reported handling responsibilities that involved interacting with the business users, capturing the business requirements using excellent analytical and logical skills, processing business requirement documents, introducing best practices and standards and handling “ongoing maintenance” related to “change

requests and defect fixes”. A typical day at work for many of the interviewees included meetings, analysis, “scripting and integration tests” (terms related to Agile methodology) and overall delivery. All interviewees communicated that one needed to possess skills in prioritizing, organizing, decision making and time management to work in *CaptiveCo*.

8.4.2 Impact of employment conditions and HRM practices

8.4.2.1 Work Intensification – inadequate managerial support and firefighting

Despite adopting “hybridization strategy” the thirteen frontline employees interviewed reported “huge workload” and “tiresome” and “long work days”.

“Once I am in, there is no time to look anywhere else. I have to kind of bury myself in work.” (C-FLE9)

“You have to prioritize work on a daily basis. Things keep changing, new requirements come in. I need to work extended hours or in a different shift. Work environment is quite challenging – you have to pretty much figure out things yourself.” (C-FLE1)

One of the employees interviewed who had earlier worked with *IndianCo* said:

“It is different here. There is no culture of taking breaks. You just come in, start your computer and just get on with the work. Twenty minutes of lunch break – that’s it! Then you come back and start working again without raising your head till it’s time for you to go home.” (C-FLE3)

Employees reported working extensive hours very often managing “crunch project circumstances” due to lack of planning and organizing on the part of their managers. Managers they reported constantly juggled with the act of deciding where to allocate overworked people and which incipient crisis to ignore for the moment. C-FLE4 described it as:

“Challenging environment, chaotic planning, always trying to catch up...” (C-FLE4)

A majority reported that teams got increasingly busy with work coming from the core center which put strain on the resources and required meticulous planning and coordination by the managers. Citing an example C-FLE2 said:

“A new work comes in - requires use of a complex technology - all the people in our team might not have expertise in that. So my manager has to now find out what other teams in the organization are making use of the same technology. He will then need co-ordinate with the managers of those teams and make arrangements for few people from those teams to come and work on our project for some time and teach us” (C-FLE2)

While some (5) of the frontline employees interviewed found their managers not “competent” or “smart” enough to handle transition of work from core center to *CaptiveCo*, others (6) ascribed lack of proper planning and organization to frequent changes in the middle management due to elevated levels of involuntary attrition. These employees revealed that managers who underperformed were normally asked to resign. They expressed dissatisfaction with the frequent changes in the middle management as it also required them to continuously adapt and adjust to the changes. The following testimonials provide evidence.

“We are told to be flexible and embrace change which actually for us translates into more work, prioritizing tasks as per the manager’s instruction, rushing from one task to another - seriously drains all my energy” (C-FLE7)

“The hardest part of my job is when you need some help and there is no one around to help – managers or assistant managers – my manager is just been here 3 months, most of time he is busy having meetings with his superiors here or with the team in the headquarter” (C-FLE3)

Interviewees also reported that they had to adapt continuously to the changing requirements and demands coming from the core center and address them on priority basis. As a result of which long-range activities, such as developing new processes or mainframes or platforms, were repeatedly interrupted or deferred. Providing further explanation C-FLE12 remarks:

“Urgency supersedes importance – so many problems are temporarily fixed and not solved – underlying causes are not addressed which emerges as problems again later for some other team working on a related project and then the blame game starts – the fault is actually nobody’s but it is just how the system works here ” (C-FLE12)

8.4.2.2 Being ‘bankers’ – working in silos

Employees reported receiving two days of induction training detailing the bank’s way of working and its values and vision. All employees interviewed shared their experiences of how they had to learn everything on their own by referring to case papers on various projects, study several documents to understand compliance and regulatory requirements and how that applied to their work. Everyone was required to keep themselves updated on the new developments and changes in laws and regulations related to investment and corporate banking. C-FLE5 who moved from *IndianCo* to *CaptiveCo* shared his experience of first day at work after the two day formal induction:

“My manager sat with me for almost half a day to explain what my team does, who is looking after what, what are my responsibilities, what is expected of me in the next three months, what are the areas of concern – I got a clear picture of the situation I am going to be in. After that I was on my own. I was left to figure out pretty much everything myself.” (C-FLE5)

Eight out of thirteen employees reported that they did not get any formal training and received minimal coaching from their managers. They all gave themselves credit for gathering knowledge on complex things related to their work while doing their jobs but also admitted that they experienced their initial months in the organization quite stressful due to living under the fear of making mistakes in their work. Only three employees, C-FLE6, C-FLE7 and C-FLE11 reported receiving advanced training in their respective areas with paid time off to complete their training. All of them found their training very valuable in equipping them with new skills in their area of work.

Employees experienced intense self-imposed pressure to learn and “pick-up” things fast to stay up to date and take control of their projects. For example, when members from other teams were deputed to work temporarily on C-FLE8’s project to help her team with the use of a new technology, C-FLE8 remarked:

“It’s after all our project – we need to add critical value to it - if we allow people outside our team to start setting our agenda, we will never stay on top of things.” (C-FLE8)

CaptiveCo's code of conduct outlined values and behaviours that governed aspects of employees' working relationships with colleagues in terms of team work, knowledge exchange and peer support against which performance of every employee was assessed and rewarded. However, employee experiences spoke otherwise.

"You don't get much help from the team members. They have so much of their own work to do. Even if they want to help they cannot. When they came in they were in similar situation. No one helped them so they expect you also to figure it out yourself. It is a cycle you see!" (C-FLE9)

"We here work in silos – everyone is so possessive of what they have learnt to figure out themselves that nobody wants to share knowledge or exchange ideas" (C-FLE10)

In this context, all 13 employees interviewed further shared that people maintained secrecy about their work due to the draconian measures the bank adopted to prevent data security and privacy breaches. C-FLE4, C-FLE5 and C-FLE6 informed that they are constantly reminded through internal circulation of notices that they should maintain utmost confidentiality of the data they worked with. C-FLE8 and C-FLE9 from the HR function informed that employees are constantly sensitized to the need to be wary of sharing any company related information with outsiders. They cited instances when employees were fired on disciplinary grounds at the slightest hint of compromising on data security and client confidentiality.

Almost all employees interviewed had earlier worked with either an Indian or a global third party service provider for considerable number of years. Some of them (5) were of the opinion that the working culture in *CaptiveCo* promoted working in isolation and they recognized the need to promote more sense of togetherness, bonding and social networking among themselves. Narrating his experience C-FLE4 talked about how his attempts to socialize were thwarted by the inculcated culture of *CaptiveCo* that steered employees to believe that socializing at work is more of a service providing culture.

"People here are very 'serious types', comfortable to be by themselves; they will not even ask you about how your day is going. I tried to when I first came in but people looked at me as if I was some Gawar [colloquial term for someone acting crass] from a village." (C-FLE4)

8.4.2.3 Performance management – a subjective reality

Many (7) of the frontline employees interviewed found the appraisal system quite harsh and opaque and reported living with constant insecurity and fear. The sense of job insecurity came across in all the interviews conducted with the employees. Living with constant insecurity and fear could be stressful but some employees seemed to have internalized it as a way of life in *CaptiveCo* and their testimonials even indicated that they bought the concept of high performance culture. It worked well for certain employees who were solely driven by financial rewards. The following testimonials provide evidence.

“Job security is a past thing. No job is secured these days. It is your performance that decides everything – your rewards, your bonus, your promotion, your respect among your peers, your visibility in the company, everything. XXXX [CaptiveCo] is known for its high performance culture ... you need to be really good and smart to be working here or else it is difficult to keep your job.” (C-FLE8)

“If you want to work for a known brand like XXXX [CaptiveCo] and also get paid more than others in the market – then you need to accept certain things that come with it. If they are paying you more money they will also expect more from you. Who will not?” (C-FLE4)

However, some of the employees interviewed expressed strong dissatisfaction with performance management and appraisal system. Of the twelve employees interviewed, one-third of them did not buy into the concept of high performance management culture.

“It is seriously flawed! They claim they have a strict appraisal system to create high performance culture and reward high performing employees. I’ve met people who were literally stupid, but got promoted. So shocking and demotivating!” (C-FLE9)

“Lobby and oiling works here - So those who play well politically stay here long term.” (C-FLE13)

“There is no focus on setting clear performance objectives. Even if the objectives are set one fails to understand how those link to the strategic or operational outcomes that we get to hear in the town halls [town hall meeting].” (C-FLE5)

“I wonder whether managers really know anything about setting objective goals. For that they should be trained, they should have a clear picture of what is going on at the corporate level [core centre], what is happening in the business. They are always not told about what is happening at the top level. Things keep changing and the performance expectations keep changing...” (C-FLE10)

“You will be rewarded with favorable reviews and bonuses on the basis of how good or bad you were in fixing a problem or handling an emergency that occurred. The focus is on reactive problem-fixing here. If you are good at this your visibility increases dramatically! That is what your manager will remember when appraising you.” (C-FLE11)

Employees in general did not perceive their managers to be very fair and honest and some (5) even referred to them as “incompetent” and “arrogant”. But at the same time they did not want to antagonize them. Employees believed that their future in *CaptiveCo* was wholly dependent on their managers’ and senior management’s highly subjective opinion. Some lived under the fear that if they did not “align” with their managers, it might cost them their jobs. The following employee testimonials provide further evidence.

“Whatever goals they have for you, you try to meet those but what is more important is to keep your visibility high. The most important thing is managing your relationship with your manager. Eighty percent of your success in XXXX [CaptiveCo] depends on how well you support your manager and align with him.” (C-FLE8)

“There are deep dens of power working in the organization – at our level we don’t know how to navigate through all these – so the best way is to keep a safe distance, listen to the manager, do our work and keep mouth shut. (C-FLE11)

None of the employees reported getting any support from the HR (Human Resources) in such matters and expressed strong dissatisfaction with HR. All employees interviewed reported that HR was “unapproachable” and had little power to bring in changes. They informed that HR was mainly responsible for personnel management and administrative work. The following testimonials highlight their perceptions about HR.

“They are puppets in the hands of the senior management – have no voice; they do exactly what they are told to do and not use their brains.” (C-FLE9)

“It is the manager who runs the show – we write to HR only when we have any questions related to our incentive or salary or our leaves or any other benefit that we want information about” (C-FLE2)

“Here you cannot meet the HR – everything you have to do online – send them an email –raise a ticket with them and wait for them to respond ... when I joined I had one simple question regarding family medical insurance cover and I had to wait for six days to get a one line answer - this is HR here” (C-FLE6)

Some of the other dissatisfactions that employees commonly expressed were mostly related to not getting an opportunity to move to other projects and roles within *CaptiveCo* in order to broaden their experience base. In this context they also apprised that by working for *CaptiveCo* they were exposed only to the segments that the bank dealt with in India. In this regard they pointed out at the lack of attention given in *CaptiveCo* on developing internal talent. A majority strongly felt that instead of poaching people from other banks the management should focus on developing internal talent and encourage lateral growth of employees. All frontline employees reported that people worked on the same profile for years without any promotion.

8.4.2.4 Competitive reward package

One of the major reasons cited by employees to choose to work for *CaptiveCo* was the market competitive rewards package that if offered. Salary above the market rate, flexible working and strong financial incentives were frequently cited by the interviewees.

“They pay is almost 8 per cent above the market rate, moreover you get to work for a big brand – your market value goes up” (C-FLE6)

“You earn points for any good work done – there is a system of points – the points get accumulated in your account and you can encash those points or part of it any time you want and get cash money worth the points.” (C-FLE12)

“The performance bonus is something everyone looks forward to after the appraisal. People plan their holidays, or wait for buying a car or any important household items or electronic gadget – all wait for the performance bonus to be announced. I invested in a DSLR camera this year [informs smilingly!].” (C-FLE11)

About flexible working most of the employees interviewed reported availing this benefit but quite a few (5) reported that it actually involved more work for them. C-FLE5 for example said –

“Work from home does not mean you will be working any less. There is a reason to provide you with laptop and blackberry. In fact it is to burden you with more work”
(C-FLE5)

It was interesting to note that despite the parent company being in news for wrong reasons in the past few years, all employees interviewed hold a positive image about the brand and highlighted that in their interviews. They viewed *CaptiveCo* as an extension of the parent company and considered them very much a part of the brand.

“Coming from a B-grade business school I never thought I would make it here and work for XXX [name of the parent company]” (C-FLE7)

“It was my dream to work for a global bank like XXX [name of the parent company]”
(C-FLE6)

“Working for XXX definitely makes your profile stronger” (C-FLE9)

None of the employees interviewed expressed dissatisfaction with not receiving facilities such as home pick-up and drop and free food or cafeteria or free food vouchers. Quite a few however wished that they had a coffee lounge where they could sit and have their lunch.

All employees reported that rewards and recognition were mostly based on how well one acted within the business and subscribed to the professional attitude and behaviours expected. Narrating an interesting example of living by the bank’s values C-FLE11 informed that at the end of a half-day workshop employees in a group activity were asked to commit to one thing they would change to reflect the bank’s values and employees who came up with the best answers were given a cash prize. HR later had individual meetings with these employees and encouraged them to submit a written plan of action on how they proposed to achieve the changes.

Quite a few (6) of the employees interviewed seemed to attach lot of importance to recognitions such as Star Award, Rising Star Award, Long -Service Award, Women in Network Contribution Award and Lean and Six Sigma Awards.

“I am yet to get one but I am sure I will get one soon. I am going to complete five years in XXXX [CaptiveCo] in another four months...These awards definitely add value to your CV; at our level the awards are important ...” (C-FLE13)

One of the interviewees who received Rising Star Award and Star Award in the year 2013 and 2014 respectively said:

“It is a matter of great honour for me. You don’t get them easily. I got the awards for consistently exceeding performance in my role as a SME - It is for making things better than how I found them. This is like one of the core values of XXXX [The Bank].” (C-FLE11)

An interviewee whose colleague received “Women in Network Contribution” award in 2013 felt that the award was meaningful as it was given in recognition of empowering women to build careers in the field of banking and technology. Emphasizing that one needs to put in extra efforts to receive these awards he further added:

“You just don’t get them. You need to walk that extra mile, make a difference in whatever little way possible – that is when the award actually makes sense to you as well as to others” (C-FLE6)

8.4.2.5 “Changing lives” – an effort to build a positive image

When it comes to employee engagement, employees interviewed informed about activities such as community development programmes, Inter corporate dramatics, and Inter corporate quiz competitions. One of the team leaders interviewed won the “Corporate Drama Premier League” trophy for conceptualizing a play and directing it. She enthusiastically talked about beating six teams in the finals to win the competition. Employees reported that they were also encouraged to share their time and skills to support the communities in which they lived and worked, with up to two days a year paid leave for volunteering. Employees interviewed shared positive experiences of working with orphan children and disadvantaged youths in and around Pune.

“We get to participate in social and citizenship activities once every quarter and there is quite an enthusiasm in our team ... leaves you with a good feeling at the end of the day.” (C-FLE2)

“I had a great time with the kids teaching them mathematics. It was a very satisfying and fulfilling experience. I felt proud that I work for a company that is supporting development in my country.” (C-FLE4)

At the same time few employees expressed displeasure in how sometimes employees were forced to volunteer their time for such activities amidst time constraints and major project deadlines.

“Feels good definitely – you are doing something good for the people; definitely better than those Fun Fridays, better than partying and boozing at the company’s expense but if you are asked to do this when you have a major deadline around or your work load is high, will you be doing it happily?” (C-FLE12)

“For managers it is just one of their targets. They have to show that their teams are involved in community development; doesn’t matter whether you do it willingly or half-heartedly... I am not against it. I have been actively participating and it is such a feel good experience but what I am trying to say here is don’t make people do it just for the sake of doing it. If you want employees to value these activities, structure them right, plan and organize properly” (C-FLE10)

None of the interviewees spoke about having fun Fridays, team outings, parties or organizing DJ nights or fashion shows that are recognized as popular employee engagement activities in the Indian BPO sector.

8.5 Professional Identity of Employees

Employees considered themselves to be an extension of the parent company and its global brand. They were made to think that they were ‘bankers’ and were encouraged to act like one. They were asked to “live and breathe” company values and were recognized for acting those values within the business. Employees of *CaptiveCo* perceived themselves to be superior in status to employees working for service providers. Their sense of doing complex job that requires superior skills and knowledge, less monitoring, better pay, strong financial incentives and matured

employee engagement activities contributed to an extent in shaping their perceptions. *CaptiveCo* seemed to be trying to govern productive behaviour of employees by trying to regulate employee behaviour through instilling ‘professional like’ norms and work ethics. It seemed to have succeeded to a certain extent in instilling a sense of professional identity in its employees. The attrition level was manageable and was considerably less than what was experienced by third party service providing companies. As one senior management interviewee, C-SM3 said – “*whatever attrition we have is not something we would worry about, it is actually healthy in a way*”. However, the sense of identity acquired by the employees had not dissuaded them from denying problematic elements in their workplace. The workplace environment to a certain extent met employees’ need of self-esteem but evidences from employee testimonials did not indicate that employees fully identified with the management and its agenda. When asked about professional identity, a senior management interviewee of *CaptiveCo* who had more than fifteen years of experience in working with foreign banks remarked – “*we are not the brand in its true sense but we are also not like the service providers, we lie somewhere in between*” (C-SM7)

8.6 Conclusion

In summary, the findings reveal that *CaptiveCo* was facing a challenging operating environment given changed regulatory and economic conditions post crisis. Committed to increasing shareholder value its parent company took several actions to realign its Indian business that led to job cuts and a reshuffling in top management roles. *CaptiveCo*’s priorities were intertwined with the parent company’s broader strategy. *CaptiveCo*’s strategic change involved it ‘maturing as a global in-house centre...more an extension of the bank and less an offshore service provider’ (C-MM2), a strategy that directed low margin ‘commoditised’ workflows to third-party vendors (including *IndianCo*) while keeping higher-end core work in-house. Although *CaptiveCo* did not face intense pressure from external clients over delivery times, SLAs, quality and pricing models, the bank’s focus on improving its ‘lean and mean operation’ created a harsh environment. Performance management was stringently implemented. It was a corporate priority, an essential mechanism for inculcating

appropriate values and behaviours and dealing with underperformance. FLEs testified to increased workflows which placed enormous strain on existing resources with work intensification and extensification widely reported. Despite speaking approvingly of their specialised skills and knowledge and their use of new technologies and lean techniques and market competitive rewards package, FLEs harboured dissatisfaction with *CaptiveCo*'s "high performance' culture" that was riddled with subjectivity and bias and generated fear and job insecurity among FLEs. FLEs claimed for a professional identity by highlighting that their work is "complex", makes use of complex technology and their work adds value to the global bank they are part of. However, this did not dissuade them from expressing their dissatisfaction with various aspects of their work.

Chapter 9 Data Synthesis from the Case Studies – Comparisons, Contrasts and Themes

9.1 Introduction

The preceding three chapters presented the empirical findings from the three case study organizations, representative of the three business models operating in the BPO space in India. The aim was to provide an understanding of the case context, the post crisis employment conditions and experiences of employees in the case organizations. An understanding of each case is important in establishing the foundation for the analytic framework that will be used in the cross-case comparison in this chapter. This chapter aims to bring together the evidences from these three case organizations and provides comparisons among them in terms of their adaptability to the post crisis client demands and expectations, employment conditions and HRM (people management) strategies adopted and employees' experiences of work.

Respondents of all three case study organizations reported a revival of business from 2010, once the immediate shock waves from financial crisis had subsided. Nevertheless, the trajectories of recovery differed due to the multiple factors, including the respective organisations' contrasting positions within their global service supply chains, the nature of the relationship with clients (external or internal-provider of offshore work) and their sectoral composition. The specific ways in which the recessionary pressure impacted the volume and value of business prompted a reconfiguration of company strategies. Although cost, particularly labour cost, arbitrage is a sine qua non of the remote location of business services, the immediate post-crisis conditions precipitated demand for a dramatic reduction in cost which was complemented/accompanied with an equally increasing demand for efficiency and business value in the post-recession recovery period. The evidence here confirms the immediate impact, but reveals a more complex, evolving picture as clients insisted on continuous cost reduction and quality improvements at the same time.

9.2 Experiencing Recessionary Pressure and the Impact of Recessionary Pressure on Business

9.2.1 Immediate impact

The immediate impact of recession was experienced by all three case study organizations but the impact was regulated by client relationships in the case of *IndianCo* and *GlobalCo* and by its distinctive sectoral (financial services) location in the case of *CaptiveCo*.

As recession slowed down clients' businesses and their revenues declined, the clients made tighter scrutiny of their investments and took a cautious approach to offshoring (I-SM2, I-SM4, I-SM5, G-SM2, G-SM5). While *IndianCo* experienced great difficulties in fetching new contracts and witnessed ramping down of several ongoing/existing contracts, *GlobalCo*'s existing clients extended their contracts but new business or contracts did not materialize. The impact at *GlobalCo* was less severe than for the BPO sector overall and for *IndianCo* in particular. A notable contrast was reported to be the greater volatility of the client base at *IndianCo* in comparison to *GlobalCo*, whose clients remained loyal due to their established relationship with the organization and continued providing business.

What differentiates *CaptiveCo* from both *IndianCo* and *GlobalCo*, is its status as an in-house provider, although additional distinctiveness is derived from its sectoral (financial services) location. While less affected by financial crash than many sectoral competitors, nevertheless, returns had been negatively affected by post-2008 regulatory change (C-SM1; C-SM2; C-SM6; C-SM7). Changing and stringent regulatory frameworks and legal issues affecting the banking and financial services sector had an impact on the parent company (the MNC bank) which struggled to produce sizable returns after 2008. The outcomes were a global re-organisation which cut operating costs by a quarter, produced significant redundancies in London and New York and the parallel transfer of back-office and support functions to India. Also *CaptiveCo*'s corporate HQ was compelled to shrink investment banking and retail banking operations in the aftermath of the crisis, with some inevitable contraction across Indian operations.

Thus, the immediate impact of the recession was experienced by all the three case study organizations but the degree of its severity was less pronounced in *GlobalCo* and *CaptiveCo* in comparison to *IndianCo*.

9.2.2 Post-recession recovery – Increased business volumes, expectations and demands

All three case study organizations however reported revival in business and increase in business volumes post 2010 as the world economy slowly came out of the recession and there was renewed focus on offshoring to further cut costs and strengthen companies for the future. Between the two service providing organizations, *IndianCo* and *GlobalCo*, *GlobalCo* with a strong client base experienced significant increase in business volumes and confirmed making heavy investments on expanding business and adding headcount in India. As its clients expanded their scope of business, major verticals were added and new lines of business grew (G-SM5). In the case of *CaptiveCo*, the increase in business volumes resulted from the HQ's strategic decision to move back office and support function roles from its other offices to its in-house center in India in a bid to cut cost and pursue improved profits.

While the enthusiasm for a buoyant market and increase in business volumes post crisis was evidenced in all senior management interviews of all the three case study organizations it was complemented with admissions of facing increased pressures in terms of reducing cost and increasing productivity though with varying degrees of severity for the three case study organizations.

IndianCo and *GlobalCo* as third party service providers experienced a tremendous increase in client expectations and demands with the increase in business volumes. The key elements common were clients 1) seeking immediate improvements in cash flow as opposed to the normal expectation of gaining returns over a period of time, 2) demanding greater cost savings and delivery of value beyond SLAs and, 3) seeking flexibility and variability in terms of payment modes aligned to their business needs. In this regard, *IndianCo*'s and *GlobalCo*'s senior management interviewees were representative/indicative of the domineering trend governing the client – provider relationship in Indian BPO in the post crisis period though its manifestations were

different depending upon the ownership structure and the inter organizational (work offshoring organization and service providing organization) relationships as is evidenced in the case of *IndianCo* and *GlobalCo*.

IndianCo's "exceedingly demanding" (I-SM2) clients emphasized "SLA plus productivity plus business value" (I-SM2) which manifested in the form of demands for a wider 'spectrum of solutions and services', 'innovative' technology-led offerings and 'faster delivery of products'. A volatile client base and intensifying competition in markets that, pre-crisis had already become 'aggressive' resulted in *IndianCo* experiencing clients insisting on more frequent contract reviews. Typically, now, revision occurs bi-annually, rather than annually, and centred on downward pressure on cost deliverables. While *IndianCo*'s senior management projected their clients as "exceedingly demanding" *GlobalCo* senior management's projection of their clients as "sophisticated" did not mean their clients were any less demanding. Client demands and pressures manifested from clients' "growing sophistication" (G-MM4) with imperatives for 'greater flexibility and scalability, faster time to market, greater discipline and round-the-clock processing' (G-SM5). With a long standing client base however it did not experience frequent contract revision but experienced post-crisis disruption with clients urging "greater scrutiny" (G-SM5) over operations. Clients' representatives making frequent onsite visits unannounced or by providing short notice and getting involved in day to day operations and talking directly to the agents to discuss compliance and quality issues (G-MM3; G-MM5) were common occurrences reported.

Replacement of the conventional and the most prevalent Full-Time Equivalent (FTE) based pricing model with progressive transaction-based and/or outcome based pricing effected *IndianCo* more than *GlobalCo* pressurizing *IndianCo* to further improve efficiency and productivity. Examples of clients making payments based on per invoice processed, per expense claim processed or per journal entry made were cited more by the management of *IndianCo* (I-SM1; I-SM2; I-SM5) to help client manage "fluctuations in demand" and reduce cost when client's business went slow (I-SM5). Additionally, clients' refusal to pay 'execution or initiation' costs (I-SM1; I-SM2; I-SM5) widely reported in *IndianCo* than in *GlobalCo*, further transferred risk from the client to the service provider. Longer-standing clients of *GlobalCo* were more

likely to remain committed to FTE-based payments. Nevertheless, more outcome-based pricing models based on meeting a minimum success criteria or a business outcome pre-defined by the clients, were increasingly adopted to respond to clients' more complex business needs.

By contrast, *CaptiveCo* being the “global in house center” did not require services to be delivered around clients, SLAs and pricing models and as a result did not experience facing constant cost challenges and pressures of strict delivery deadlines as much as *IndianCo* and *GlobalCo* did. However, *CaptiveCo*'s Indian priorities were intertwined with the broader strategy of its parent company. Part of the migration of jobs to India involved advanced skills so that *CaptiveCo* would become a ‘high performing captive operation with [a] rapidly expanding scope of service’ (C-SM6), an objective that required *CaptiveCo* to undertake not only increased amount of back office work but also core higher value work and manage all with minimum headcount.

9.3 Reconfiguration of Company Strategies

In response, initially, to the straitened economic conditions and then reviving demand from 2010, each company redefined its business priorities to adapt to the changing client expectations and demands. *IndianCo*'s strategic shift involved the ‘aggressive’ pursuit of clients beyond the parent company's portfolio with the objective to establish its own client base and reduce dependency on the parent company. It aimed to become a ‘transformational partner’ (I-SM1) for clients, ‘increasing productivity, reducing complexity and reducing FTE [headcount], while improving overall process cycle efficiency [because] the clients want upfront improvement in the process [and] ask what year-on-year reduction in cost you can bring in’ (I-SM6). Diverse initiatives within this ‘aggressive’ pursuit included transformational projects in HR that offered centres of excellence in shared services for North American corporate customers (I-SM2) and greater value for customers in particular verticals, such as insurance and healthcare, through taking ‘full process management responsibility’ (I-SM3).

The aspiration was to secure higher-end transformational deals (I-SM3; I-SM5) that are larger, complex and more valuable in the long run and not merely to provide commoditised service activity. Accordingly, managers reported ‘dwindling margins’ from call centre operations, increasingly relocated to the Philippines. With a volatile client base *IndianCo* made every effort to hold on to existing clients and get more clients on board. Thus structuring contracts using “wide –spectrum of pricing models” to provide clients with cash flexibility was commonly reported.

GlobalCo’s strategic re-orientation had aspects in common with *IndianCo*’s, in responding to and anticipating clients’ growing sophistication. However, *GlobalCo*’s ability to leverage its global expertise to deliver efficiencies based on its global operating model which is a proprietary framework of principles, practices, and tools was a key source of competitive advantage. Perhaps the most notable aspect of *GlobalCo*’s strategic shift lay in its ability to create a complete customer journey for clients by ‘mapping customer journeys, finding out the statistical linkages and providing root-cause linkages’ (G-SM1), achieved through ‘closer ties’ and ‘long partnerships’ with clients (G-SM2; G-SM4; G-SM5). As a result, to a greater extent than in *IndianCo*, perhaps as representative of indigenous IT-BPO companies, *GlobalCo*, in turn, as representative of global service providers, was focusing on providing superior service delivery’ (G-SM3) or ‘near flawless quality’ service (G-SM5) through establishing intimate client partnerships.

Further *GlobalCo*’s distinctiveness rested on combining its proprietary analytics programmes with ‘omni-channel technologies’ to enhance end-customer experience. The result was “not just improved customer satisfaction but efficient customer service” (G-SM5) with customers receiving delivery of coherent message across all touchpoints as they switched between “smartphone, using chat from their desktop, or the phone” (G-SM2).

Consistent with *IndianCo*’s pursuit of insurance and healthcare clients, *GlobalCo* reported ‘specialised’, technology-based activity, while remaining committed to existing businesses in financial, retail, telecom and tech verticals (G-SM5). The global strategy and priorities for India centred increasingly on the country’s

tech-related proficiency in web support and high-end analytics, unlike the Philippines where these were deficient.

CaptiveCo shared *GlobalCo*'s emphasis on technological innovation, in its case, to mobile banking, contactless technology and security services. *CaptiveCo*'s strategy to “gradually maturing [mature] as a global in-house centre... [and be seen] more as an extension of the bank and less as an offshore service provider” (C-MM2) involved securing more core jobs from its headquarters and manage that additional work with the same number of existing headcount. Since the quantum of savings possible for concentrating on the high-end of the business is much more as compared to the low-end of the business a ‘hybridization’ sub-strategy thus directed low margin ‘commoditized’ workflows to be outsourced to third-party vendors (including *IndianCo*) while keeping higher-end core work in-house. The additional benefit from adopting this strategy was derived from not having to add permanent “headcount” for the increased “low margin work” migrated to *CaptiveCo* post 2010.

9.4 Executing the Strategies – Impact on Employment Conditions

Strategic adaptation to the recessionary pressures experienced by the three case study organizations required them to undertake some internal restructuring to execute or operationalize those strategies which in turn had potential implications for people management practices. In case of *IndianCo* and *GlobalCo*, responding to clients’ post crisis imperatives to increase business value gained from offshoring created tremendous pressure to improve productivity and efficiency at the service providing end. For *CaptiveCo* the source of pressure originated from its focus on more high value core areas of work and need to increase scale of operations. Needless to say its HQ’s focus on maintaining an “overall lean and mean operation” had an effect on its own management.

Undertaking expansion of business volumes (mainly expanding the client base and increasing contract duration) with fewer resources and reducing operational cost was the companywide mantra adopted by *IndianCo* which inevitably generated a highly pressurized and stringent work environment. Referred to as “operational excellence” by managers it required them to ‘optimize’ or ‘streamline processes’, ‘at

the lowest possible costs and with minimum hassles' (I-MM2; I-MM4; I-MM7). How to make processes "less complex and leaner" (I-MM1) so that they are "less dependent on people and human errors" (I-MM2) was thus the prime objective. The result was implementation of lean methodologies combined with technologically designed initiatives to simplify and standardize processes. A fundamental complement to the lean strategy was reduced staffing. Managers reported managing their processes with minimum number of resources (I-MM4, I-MM5, I-MM6). The unrelenting pressure on managers to "do more with less" (I-MM6) meant working under "resource crunch" (I-MM4, I-MM5, I-MM6), compelled to strip out wasteful processes or reform inefficient ones (I-MM2).

Not only did *IndianCo* have to deal with pressures of post crisis recovery it also had to deal with pressures emanating from parent company's slump in the IT business. Focus on cost management thus became a companywide priority post-crisis. Additional pressure for *IndianCo* emanated from the parent IT company's strategy to take advantage of *IndianCo*'s low cost BPO labour and get BPO workers on "loan" to work on its IT projects. While this arrangement produced considerable cost advantage for the parent company it created pressure on the managers of *IndianCo* to cope with already existing resource crunch.

Additionally, senior management's aggressive strategies adopted to pursue clients by promising them, at contract renewal, additional deliverables at no extra cost encouraged clients to badger *IndianCo* to undertake even more work without additional cost. This approach was criticized by the many managers (I-MM1, I-MM2, I-MM3, I-MM4) as taking up additional work required teams to be flexible to accommodate any business needs arising at the clients' end and make quick transitions required (I-MM1, I-MM3, I-MM7).

While the pressure to improve productivity and efficiency in *IndianCo* resulted from its objectives to expand the client base and manage operational cost, in *GlobalCo* it resulted from clients' greater scrutiny of *GlobalCo*'s operations to ensure delivery of enhanced customer experience. Though *GlobalCo*'s established relationships with clients helped it "sail through the recession without much (sic) hiccups" (G-MM2), and see "contracts of longer duration" being signed (G-MM5),

clients' "growing sophistication"(G-MM4) in terms of demanding better customer experience and consequently greater scrutiny over operations generated a highly-pressurized and goal-oriented work environment. Be it better first contact resolution (FCR), reduced customer effort or other key business metrics, implementing client demands "to go beyond SLAs and bring transformations to processes" (G-MM2) brought pressure. Increasingly *GlobalCo*'s analytics tools were used to identify trends in customer data and drive continuous improvement which also entailed middle managers coping with frequent site visits from clients' reps who got increasingly involved in operational matters be it hiring, rewarding or discussing quality and compliance issues (G-MM3; G-MM5) directly with call handlers. In call centres additional responsibilities, deriving from *GlobalCo*'s strategy of developing intimate client relationships that permitted their intervention in operational matters, produced compelling examples of increased demands for team leaders who had to be available 24/7 to provide assistance to their teams.

One of the differentiating characteristics of *GlobalCo* was this client intervention in driving operational excellence which though perceived by some managers as measure to promote culture of performance excellence, many found this to be intrusive and pressurizing (G-MM4; G-MM5; G-MM6; G-MM7) and its effects damaging. Client interventions in incentivizing performance by directly offering lucrative financial incentives to the employees created a culture of idolizing "good employees" and "great brand ambassadors" (G-MM1, G-MM2, G-MM5 and G-MM7) within *GlobalCo* and those who could not "live up to the client's expectations" "suffered from low self-esteem" which further effected their performance, a result of post crisis development in which third party service providers are not only fined by the clients for failing to meet SLA's as per the conventional approach but are also rewarded on exceeding performance. Use of competition and benchmarking among various processes and within teams, and making comparisons and holding up good examples to generate consistency and reinforce what good looks like was commonly reported.

Markedly different from *IndianCo* and *GlobalCo*, *CaptiveCo*'s sectoral composition and its focus on higher value core work now required understanding of the core values related to the "bank's way of doing things" (C-MM5). In the wake of

the bank reviewing its standards and practices post crisis, high performance, integrity, driving customer or client loyalty, optimization, and effective risk management emerged as critical success factors driving the need for high learning curve, high level of accountability, corporate behavior, strict compliance to legal and regulatory requirements and minimal supervision requirement among *CaptiveCo* employees. Operationalizing *CaptiveCo*'s strategies thus required efforts directed towards making employees subscribe to the global values of the bank and adopt professional attitudes and behaviors expected of bankers (C-MM1, C-MM4, C-MM5, C-MM7).

Not much external hiring was permitted by the head office for the additional work offshored, an offshoot of the "lean and mean operation" adopted by the parent company (the bank). Driving down costs of the parent company required what managers termed as "effective" or "optimum" utilization of existing people resources (C-MM1, C-MM4, C-MM5) in *CaptiveCo*.

"Doing more with less" (I-MM6), then, were universal prescriptions in this post-crisis world, evident in all three case study organisations.

9.5 Impact on HRM Practices

Pressing business demands in all the three case study organizations required HRM policies and practices to be reshaped to meet the overriding objectives of increasing efficiency, reducing cost and adding value to clients' business. It was critically important for these organizations to develop strategies to focus on tasks and results and therefore middle management adopted various ways to drive the workforce to increase productivity. The instrumental approach taken towards people management was reflected in the current practices and policies adopted in relation to training, performance management, reward and recognition and employee engagement activities, the lynchpin of HRM in all the three case study organizations, despite differences.

9.5.1 Training: reduced “time to competence” and need for domain specific knowledge

Unrelenting pressure on managers to reduce operational cost led to reduced staffing and getting maximum done out of minimum resources. Thus team leaders managing processes with less number of people was widely reported. “The aim for everyone to adopt a structured approach, eliminate waste and reduce cost...” (I-MM1) required rigorous lean and six- sigma training to be made mandatory at all levels. Training further involved acquiring domain specific knowledge and domain certifications deemed necessary for error-free work due to increased risk transferred from clients (I-MM3, I-MM4) and also considered important to secure client confidence which would enable *IndianCo* to secure transformational, higher-value deals from a broader range of clients. The need to bring “people up the curve with minimum number of days of training...” (I-SM3) was also reflected in *IndianCo*’s reduction of its much prided six-month robust induction programme to three months training and need for employees to “go live on the floor fast” (I-MM5).

Very similar to *IndianCo*, *GlobalCo* managers also faced increasing pressure to “bring up agents to speed” and minimize “time to competence” (G-MM3). Additionally in *GlobalCo*, catering to the needs of *GlobalCo*’s “high profile”, ‘sophisticated’ clients required training to be an important component of service delivery as clients’ changing needs post crisis required *GlobalCo* to make continuous improvements as dictated by client and end-customer requirements and also educate customers on these changes. Not only possessing deep process or domain knowledge and being abreast with the rapid changes affecting the particular industry agents catered to was important but also enhanced communication skills to clarify customers’ doubts and making the complex simpler for customers became equally important (G-MM1, G-MM6, G-MM7). As a consequence of this, tough evaluations were part of any training that agents undertook. Even the three-week induction training was followed by tough evaluations in which only 20 percent of a batch of employees hired were retained (G-MM3). Considerable efforts were made to deepen domain knowledge of the sector and about the client company as service delivery did not only require communications skills as was conventionally the case with call centres, but also additional skills, including understanding the scientific basis to the metrics that

drove a project or process, ‘omni-channel’ capabilities and quality analysis. Thus customized training on clients’ products and systems followed by monthly tests were key characteristics of *GlobalCo*’s training (G-MM1, G-MM6, G-MM7).

Serving high profile, long standing clients required team leaders to be intensively involved in training their teams unlike *IndianCo* where the onus mostly lied with the individual employee to complete training modules in their personal time. Compelling demands from team leaders to communicate feedback professionally and provide coaching effectively resulted in them undertaking activities where agents learned collectively (G-MM4, G-MM6). Call calibrations sessions and refresher training not only encouraged shared learning but also provided agents with break from calls and revise important aspects of the technology they supported and provided opportunity to discuss recent upgrades and changes (G-MM7) in a non-evaluative and collegiate environment. Quality evaluators held regular meetings with agents on how to improve call quality and make more number of “wow” calls (G-MM4). The training environment in *GlobalCo* was uniquely characterized by attempts to inculcate notions of shared or collective learning that existed alongside tough evaluations that followed any training.

For *CaptiveCo*, again, its approach to training and its content was shaped by its post-crisis corporate strategy and the expansion of high-value operations. Training provision combined “top-of-the-range technology with deep sector expertise and a strong command of *CaptiveCo*’s key businesses” (C-MM4) which were made available only to the most promising employees who demonstrated potential for taking on new areas of work (C-MM2, C-MM3). Otherwise, employees were expected to learn mostly on the job on an ongoing basis without requiring much “hand holding” or “classroom training” (C-MM3, C-MM1, C-MM5, C-MM6 and C-MM7). Of all the three case study organizations *CaptiveCo* reported providing the shortest induction programme of two days to their employees.

Reduction in training time and need for employees to move up the learning curve fast seemed to be common imperative for organizations post crisis as was evident in all the three case study organizations.

Paradoxically (inconsistent to its approach to training), however, *CaptiveCo* employees were made to regularly go through training programs and workshops that were aimed at reinforcing codes, values and behaviours of the bank in the wake of the bank reviewing its standards and practices post crisis. Assimilating employees to the culture of the bank (C-MM3) through an annual training included an assessment to confirm understanding of the core values related to the “bank’s way of doing things” (C-MM5) and “behaving as bankers” (C-MM1).

9.5.2 Demanding and tough performance management - low tolerance for non-performance

Stringent performance management that already existed pre-crisis due to competitive market conditions got further intensified post crisis due to pressures manifesting for the case study organizations in different ways. In *IndianCo*, flexibility in contractual agreement, clients prioritizing their needs and changing the scope of work required performance metrics to be reviewed and revised every month to accommodate changing client needs making it necessary to have weekly one-to-ones with team members and revise performance metrics with each employee on a monthly basis (I-MM4, I-MM5 and I-MM6). Targets recalibrated following clients unexpectedly “changing the project requirements” gave rise to the need to constantly drive employees to meet targets (I-MM6), check whether team members were completing assigned tasks and maintain detailed documentation of progress. This was compounded by the need to make weekly presentations to clients who expected to see “improvement happening every week” (I-MM5). Thus, clients’ changing requirements, need for continuous productivity improvement and process re-engineering, resulting from Lean and Six-Sigma, made the process of managing performance a demanding one in *IndianCo*.

Unlike *IndianCo*, teams in *GlobalCo* were made acquainted to the science and metrics behind the projects/processes for which they were accountable in order for them to make sense of the performance measures adopted. This could be attributed to the long standing nature of the projects and established relationship with clients. However, this did not make performance management any less demanding or rigorous.

In *IndianCo* while clients changing requirements and changing scope of work made performance management demanding, in *GlobalCo* it was clients' need for superior quality service and greater scrutiny of operations that gave rise to tough performance management. *GlobalCo*'s middle managers reported performance management becoming all-encompassing post-crisis as strict performance criteria were set by clients and imposed by *GlobalCo*. Strict quality measures adopted for client processes resulted in monthly and quarterly assessment of employees' knowledge on the processes they worked for and technology they supported (G-MM2, G-MM4, G-MM6). Dealing with under-performance dominated performance management practice alongside incentivizing outstanding performance. Strong consequences for non-performance such as demotions of newly appointed team leaders on client directive (G-MM5), agents receiving zero incentives or no bonus (G-MM6) for falling short on test scores, being asked to resign if performance scores fell short three times consecutively (G-MM4; G-MM5; G-MM6) were commonly reported. Moreover, unwelcome client intervention at *GlobalCo* was seen as contributing to excessive work load through having to undertake incessant monitoring, to provide frequent assessments of each employee's performance, to deliver continuous feedback and to give individualized coaching.

Despite the fact that employees worked on higher-end processes and were required to take ownership of their work from very early on, performance management was no less stringently implemented in *CaptiveCo*. It was a corporate priority, an essential mechanism/vehicle for inculcating appropriate values and behaviours linked to performance in the light of the restructuring program the bank initiated post crisis. Considerable efforts were undertaken by the corporate management at the bank to communicate the values against which performance of every employee were to be assessed. Holding regular town hall meetings, providing updates via webinars, introducing "Agile methodology" and other lean project management techniques were part of these efforts that were believed to inculcate a culture of high performance. Comments from managers such as "the disciplined rigour adopted to assess and review performance creates a high performance culture" (C-MM3) made "tough minded" "forced ranking" (C-MM5) seem logically valid amongst the managers as it helped

“cleanse out the slowpokes (sic)’ (C-MM5) and “forces[d] performance issues to be addressed for an organization that is trying to tighten its management processes”.

Low tolerance for underperformance characterized performance management in both *GlobalCo* and *CaptiveCo* but continuous coaching and feedback which was evident to a considerable extent in *GlobalCo* alongside tough evaluations was considered not feasible in *CaptiveCo* due to time constraints and increasing workload (C-MM5). *IndianCo*’s demanding performance management post crisis, quite evidently, originated from its priority to increase scope of work with clients and attract long duration contract which necessitated accommodating client’s changing requirements resulting in monthly review and change in performance criteria, constant monitoring and detailed documentation of progress. Overall, demanding, rigorous and tough performance management was implemented in the guise of “performance excellence” or “process excellence” or in the name of creating “high performance culture” and was a common characteristic in all the three case study organizations irrespective of the nature of relationship they had with their clients.

9.5.3 Rewards, recognition, benefits

Rewards, recognition and benefits are an essential part of the operations of most organizations. Organizations trying to operate effectively while continuing to control costs and engaging staff can be challenging. The reward strategies adopted by the case study organizations depended on the new economic realities of their business post-recession as they increasingly focused on streamlining their operations to increase productivity, efficiency, reduce cost and customize services to client requirements and provide client /customer centric commitment to enhance quality of service.

Of all the three case study organizations, *IndianCo* with a volatile client base that saw many of its processes “ramped down” during recession made drastic changes to the companywide reward and recognition programme post crisis. Facilities such as free employee transport and subsidized meal provided to employees pre-crisis were withdrawn which managers preferred not to discuss. Instead, in a conscious strategy to draw attention away from withdrawn benefits, senior and middle management described world class facilities made available to the employees such as 24x7

operational medical centre, a chemist and an ambulance service to address any emergency situation and state-of-the-art recreational facilities like gymnasium, meditation room, yoga room, swimming pool, and tennis, volleyball and basketball courts. Recession induced budget constraints made management to reduce monetary rewards and conceptualize non-monetary ways of recognizing employee performance or achievements, for example, activities such as “floor walks” to recognize outstanding performers (I-MM4, I-MM7) that included applauding performers in front of their colleagues by senior management personnel and giving out trophies and recognition certificates. Rewards with high monetary value were either given in installments over a period of time or were normally designed around activities such as company-wide process improvement project competitions which not only served to promote business objectives of *IndianCo* and but were also very challenging and difficult to win among four hundred to six hundred participants.

Unlike *IndianCo*, *GlobalCo* having managed to continue doing business without much disruption during recession and more particularly expanding business post-recession, continued providing twenty-four hour free pick-up and drop and further, gave employees a Meal Pass, allowing purchase of subsidized food from affiliated restaurants, canteens and food courts, and corporate discount vouchers for majority of retail chains and hospitals. *GlobalCo* expending lot of resources into providing meals, transport and security for employees was highlighted by managers unlike in *IndianCo*. With employees spending “more and more hours at work” (G-MM2) managers claimed providing an “extended home” for employees (G-MM2) where they “loosen up” (G-MM4) and in this respect, very similar to *IndianCo* managers described various amenities and means of recreation made available to employees. Among other benefits that managers mostly referred to were providing employees with education assistance plan.

A distinctive feature in *GlobalCo* was its clients providing lucrative financial incentives directly to the employees in addition to the remuneration given by *GlobalCo* further highlighting increased client intervention in *GlobalCo*. Handsome financial incentives and bonus given on exceeding performance and passing monthly evaluations with high scores created a win-lose culture that also facilitated

management's agenda to "idolize" "good employees" and create "great brand ambassadors".

One major distinction between *IndianCo* and *GlobalCo* as third party service providers and the in-house provider *CaptiveCo* was the latter's competitive rewards package that provided salaries that were at least eight per cent above the market rate and a year-end lucrative bonus of ten per cent or above. Additional distinctiveness was derived from employees being able to work from home depending upon the nature and stage of project they were in. Being an in-house provider of a technology driven organization, high end enabling technologies allowed for flexibility to work from home (C-MM1, C-MM3, C-MM6 and C-MM7). Importantly, another distinguishing aspect in terms of benefits and rewards was the absence of facilities considered popular and commonly predominant (or more often customary) in the Indian BPO sector such as company transport for employee pick up and drop, free canteen food or food vouchers and recreational infrastructure such as cafeteria, gymnasium, tennis court, or swimming pool. Given that *CaptiveCo*'s managers in their interviews repetitively/persistently distinguished *CaptiveCo* from third party service providers it was not surprising to note the absence of these facilities. On similar lines, managers (C-MM1, C-MM2, C-MM4) identifying routine certificates and trophies for monthly and yearly STAR awards as trivial and more common with BPO organizations and calling for more meaningful ways to reward employees such as dinner with skip level manager (C-MM1, C-MM2) further highlighted *CaptiveCo*'s efforts to distinguish itself from BPO providers.

Other benefits and facilities such as personal accident policy, life insurance and doctor on-call made available for employees in *CaptiveCo* were more or less common with benefits provided in *IndianCo* and *GlobalCo*.

9.5.4 Regulated employee engagement activities

Delivery of an organization's goals in the context of transformation and against the key theme of increasing efficiency requires an engaged workforce who can support the delivery of the organization's goals. Focusing on employee engagement could thus be critical to the success of organizations particularly BPO organizations

where pressurized work routines resulting from demanding targets rooted in clients' increasing and changing business needs is the dominant norm. Ideally organizations would then aim to create the conditions in which employees offer more of their capability and potential.

In the wake of clients' increasing need for flexibility to change/alter scope of work in *IndianCo*, greater resilience, energy and effort was required of employees and managers unanimously called for designing meaningful activities around employees' job role and wider organizational agenda (I-MM3, I-MM4, I-MM7). However, among activities labelled as employee engagement practices, company sponsored fun activities such as "DJ nights", "Family –day", annual and quarterly outings and quiz competitions were generally reported. Popular measures to increase employee engagement such as Fun Fridays and other fun activities such as Pizza parties and Rangoli²² competition that produced some early enthusiasm among employees got diluted under work pressure and strict deadlines. Complemented with budget constraints organizing such activities became difficult on a regular basis. Activities that took less time and financial resources to conduct were mostly preferred and given approval. Team leaders (I-MM5 and I-MM6) organizing "Fun Fridays" and "Pizza parties" for maximum half an hour's duration with monetary contributions from employees provided further evidence.

GlobalCo being a call centre adopted a different approach to employee engagement regulated by its brand strategy to create a "fun place to work" (G-MM4, G-MM5, G-MM6 and G-MM7). To cope with the pressures of the work and combat exhaustion and fatigue from constantly being on calls, handling irate customers and handling simultaneous chat sessions requiring "cycling from one response to another" (G-FLE3), *GlobalCo* encouraged a culture of fun at workplace. Handsome budget allocations were made for employee engagement activities to strengthen its brand strategy to create a "fun place to work" (G-MM4, G-MM5, G-MM6 and G-MM7). Employees were reported to be given sufficient downtime to prepare for these events. The objective was to keep the momentum going amidst stringent monitoring and tightly controlled work atmosphere. *GlobalCo*'s thrust on the "fun" factor was

²² Art form from India in which patterns are created on the floor in living rooms or courtyards using materials such as colored rice, dry flour, colored sand or flower petals

believed to not only compensate for the stringent monitoring and tightly controlled work atmosphere but also foster positive and beneficial inter-personal relations that ultimately got translated into effective work relationships according to the managers. Agents' active involvement in organizing activities such as fun games, fashion shows, team outings and client sponsored grand parties not only kept "fun and excitement going on the floor" but also served to fulfil managers' (G-MM5, G-MM6, G-MM7) strategic objective to extract more information about work related issues and problems within their teams. However, echoing the views of the *IndianCo* managers some managers occupying senior positions in the middle management rung (G-MM1, G-MM2) also emphasized on the need to organize employee engagement activities within a "more meaningful context" than going "overboard with the fun theme" and informed of various companywide initiatives being taken in this direction.

Increasing emphasis on more "meaningful" ways to engage employees by both *IndianCo* and *GlobalCo* managers raise question on the importance of the culture of fun and its effectiveness in creating an engaged workforce in the current post crisis business conditions. Adopting a fun approach to work or showcasing workplace as a place for fun probably undermines the seriousness related to doing complex, value added work and dealing with for high profile clients particularly in case of *GlobalCo*. For third party service providing firms *IndianCo* and *GlobalCo* who are trying to move up the value chain and trying to project BPO work as not "rudimentary" but serious work, such a shift in perspective (viewpoint/outlook) seems justified.

Again, employee engagement initiatives in *CaptiveCo* were regulated by the bank's brand strategy to project itself as a value driven bank. As part of the bank's "value" of playing a broader role in the communities it operated in (C-MM5) employee engagement in *CaptiveCo* likewise focused on community development activities to support community organizations, NGOs and charities. Citizenship programs to enhance youth employability in disadvantaged communities, and improve computer literacy in local communities were reported by managers who believed these activities had long term positive effect on the corporate brand. The corporate strategy in this regard was to leverage employees' time and expertise to make contributions to the local communities through mainly volunteering and fundraising. Employees were

encouraged (given time off, financial grants) to develop citizenship behaviours that required them to donate their time and effort to the cause of their choice (C-MM2).

This symbolic management of “what it means to work” in *CaptiveCo* and the emotional element of it appealed to both the managers and the employees. Also, in times when the banks and other financial institutions post crisis were required to communicate transparency, integrity and goodwill to their various stakeholders this strategy helped it take on a human face and build positive perceptions among customers, employees and other stakeholders.

9.6 Employees’ Experiences of Work

Senior management in all the three case study organizations described the immediate impacts of the crisis on their business and articulated the emergent strategies of their respective companies, with the focus of empirical analysis then shifting to the operationalization of these new strategies, best expressed by the middle managers. Clients increasingly trying to drive their cost challenges by putting pressure on the service providers to make contribution to their business value resulted in managers at the service providing end focusing on relentless cost reductions and efficiency gains having manifestations in HRM practices. Important ramifications of cost reduction and delivering efficiency gains combined with continuous quality improvement were work intensification, increased targets, extended hours, strict performance management and instrumental HRM practices that shaped employees’ experiences of work and employment in terms of their perceptions of job security, well-being and professional identity.

9.6.1 Work intensification and extensification

In *IndianCo*, the sectoral diversity of contracts, their increasingly short duration and exigencies of cost-reduction efficiencies drove frontline employees (FLEs) to continuously upgrade knowledge and skills in sync with Six-Sigma and domain specific knowledge required to process enhanced client requirements in terms of controlling expenses, managing risk, improving speed-to-market, and enhancing

customer service. Obligated to accommodate training within extraordinarily demanding work schedules FLEs came in two hours early and stayed late to complete training modules to get Six-Sigma and domain certifications (I-FLE1, I-FLE3, I-FLE11). Despite FLEs (8), experiencing training as “forceful”, “imposing” and not geared to promotions, and of less significance outside the BPO sector training on domain knowledge and Six-Sigma were considered by FLEs to be significant in providing greater understanding of the clients’ business. With clients transferring increased risk to *IndianCo*, possessing deep knowledge of clients’ business was required more than ever before to reengineer processes and optimize clients’ service offerings. *IndianCo*’s readiness to accept additional work from clients *pro bono* translated into even greater pressure. Quick transitions to adapt to the changing clients’ needs or the scope of work required employees to be flexible and learn quickly on the job (I-MM1, I-MM3, I-MM7). Given “the real time competition that is [was] constantly driving people to push their limits further’ (I-FLE10) without much supervisory support (I-FLE11), *IndianCo* FLEs experienced abrupt changes in work schedules and “daily targets” and had to be ready “to take up anything” (I-FLE7). Expanded contractual demands at the top cascaded down into unbearably pressurized work with unachievable targets at the bottom (I-FLE2, I-FLE4, I-FLE7) confirming intensification of work. Accounts of managers or team leads setting high targets and chasing individuals to meet them, with predictably deleterious consequences of people leaving or being asked to leave (I-FLE2, I-FLE4) were common. Additional sources of pressure came from FLEs handling additional responsibilities such as drafting reports, coaching peers and working on parent company’s IT projects besides meeting their daily targets. Also common were senior FLEs handling team lead responsibilities besides their regular work without any extra remuneration or incentives. A logical complement to heavy workload was long working hours of twelve to fourteen hour shifts, working on Saturdays to complete targets and training modules. Complaints of extensification, though widespread, were however less prominent than those relating to intensification.

Major sources of work intensification were clients’ changing scope of work and transient projects, accepting additional work, increasing need for domain and six sigma certifications and handling additional responsibilities.

Distinctly different from *IndianCo* FLEs who mainly worked on back office processes, all 9 FLEs in *GlobalCo* provided interactive services over phone or chat to the customers of their “high profile clients”. A significant majority (6) were engaged in providing both voice based phone services and also offered chat support (G-FLE1, G-FLE2 and G-FLE3) and services via “chatbot”, proactive chat offers and mobile chat in sync with *GlobalCo*’s strategy of providing “omni-channel” service delivery. While *GlobalCo* shared the same emphasis on domain knowledge as did *IndianCo*, its focus on customer interactive services required FLEs to also possess/develop enhanced communication skills essential to provide “quality” customer service. The effects of the heightened emphasis on continuous quality improvement, a post crisis imperative for *GlobalCo*, rippled through the organization. *GlobalCo*’s strategic orientation of prioritising clients’ customer journey through domain specialisation and technological enhancement found expression in FLEs’ provision of ‘best in class’ solutions and, crucially, first call resolution (FCR). Need for “smart” and “zero error” service delivery made training requirements tough for FLEs and resulted in strict evaluations (G-FLE6, G-FLE9). Tough monthly and quarterly tests given to check domain knowledge and knowledge of the technology supporting the process FLEs worked for (G-FLE2, G-FLE4) was immensely pressurizing for FLEs. Not only these, providing “best-in-class” (G-FLE2) customer service befitting customers of *GlobalCo*’s “high profile clients” required enhanced communication skills which entailed producing more number of “WOW” calls, meeting customer requirements through “first contact resolution” (FCR), “drive[ing] higher conversion rate” (G-FLE2) and achieving “effective case closure” within the shortest possible time (G-FLE1, G-FLE3).

The unanimously reported growing significance of first call resolution (FCR) which was considered an important performance metrics post crisis in *GlobalCo* equated to lower support costs and enhanced customer satisfaction but meant considerable increases in work pressure (G-FLE4; G-FLE5) for the FLEs. FLEs were required to make extra efforts to address customer requirements by probing for customer understanding, providing additional information if required and educating customers on what more services on offer can they opt for, thus “driving conversion rates” also at the same time (G-FLE2, G-FLE7). Work intensifying post-crisis strategies for efficiency gain added to the exhaustion that FLEs experienced from

constant call handling. Additional sources of pressure also arose from handling customer frustrations and anger, identified as derived from wider political-economic dynamics post-recession (G-FLE7, G-FLE8, G-FLE9). Repeat calls from customers in attempts to chisel better solution were also a source of worry for FLEs as they caused FCR rates to drop that FLEs struggled so hard to maintain. Chat sessions were no less demanding given the need to respond to multiple customers simultaneously with FLEs (G-FLE8, G-FLE9) admitting increased chances of “quality service” getting compromised in pursuit of improving agent productivity. FLEs reported “moving to and fro between several messages – looking at the screen to take other information into account” before typing a response (G-FLE2) and “cycling from one response to another without a break” (G-FLE3). Similar to *IndianCo*, intensification was again accompanied by extensification. Examples of extensification included FLEs working during weekends (G-FLE1, G-FLE4, G-FLE7, G-FLE8), sacrificing off days (G-FLE7) and getting calls to resolve emergencies at night (G-FLE7, G-FLE8). A quality analyst (G-FLE7) reported her requirement to evaluate five calls per agent per week and with twenty agents that meant ‘100 calls per week’, resulted in her having “to often sacrifice my [her] off days”. Amidst accounts of extensive work intensification and extensification FLE’s experiences in terms of receiving peer and supervisory support were remarkably positive as they highlighted knowledge sharing amongst colleagues and receiving coaching and assistance from team leaders in achieving their targets (G-FLE1, G-FLE3, G-FLE4, G-FLE5, G-FLE6). This is a distinctive feature that differentiates *GlobalCo* FLE’s experiences from those of *IndianCo* and *CaptiveCo*.

In comparison to *IndianCo* and *GlobalCo*, FLEs in *CaptiveCo* used more specialized skills and knowledge to handle responsibilities that involved interacting with the business users, capturing their business requirements, processing business requirement documents, assessing changes, challenges and opportunities posed by changing regulations in the banking sector, and introducing best practices and standards to business users. Knowledge and use of complex technologies facilitating lean project management and change management, and skills in prioritizing, organizing, decision making and time management were key for FLEs to perform their roles effectively. Despite speaking approvingly of the use of these technologies as “smart” (C-FLE3) and “knowledge intensive”(C-FLE6) allowing them take ownership

of their work, FLEs experienced work intensification and extensification resulting from *CaptiveCo*'s inability to handle transition of increased workflows from the headquarters. Though *CaptiveCo*'s hybridisation strategy hived off commoditised processes to outsourcers, majority of the FLEs (10) still experienced "huge workloads" and "long work days" (C-FLE3, C-FLE7) which was ascribed to insufficient planning by not "competent" or "smart enough" managers and all too frequent changes in middle management personnel due to elevated levels of involuntary attrition.

Again, extensification and intensification coexisted manifesting in ways specific to *CaptiveCo*'s positioning in the value chain. As increased workflows from the headquarters placed enormous strain on the existing resources, managers juggled task allocation to already overworked FLEs translating into "more work, prioritizing work as per the managers' instructions, rushing from one task to another" (C-FLE7). Working extended hours were intertwined with managing "crunch project circumstances" (C-FLE4). Poor planning led to constant firefighting with the frontline of work described as a place where "urgency supersedes[d] importance", leaving "underlying causes...not addressed" which, in turn, led to a "blame game" (C-FLE12). Additional sources of pressure came from FLEs being expected to take increased ownership of work from very early on that created a self-imposed pressure to "stay on top of things" and "in control of projects" (C-FLE4, C-FLE8, C-FLE11).

It was not surprising that of the three case study organizations, *CaptiveCo* FLEs reported receiving minimal training and supervisory support (C-FLE3, C-FLE5, C-FLE8). With just a two day induction training and minimal supervisory support FLEs were obliged to update their own knowledge and skills and expected to take control of their projects. *CaptiveCo*'s approach to training was similar to *IndianCo*'s in this respect that the responsibility for improving skills lay with the FLEs themselves, the normative expectation being that they should complete training modules in their own time. Inadequate supervisory support, firefighting and early on ownership at work were principal causes of work intensity among the FLEs in *CaptiveCo*.

Post crisis requirements of the BPO business with recalibrated deliverables for the three case study organizations produced significant increase in work pressure. The new dynamics of BPO business characterized by enhancing overall value proposition

for the clients besides continuing to deliver core benefits led to expanded contractual demands at the top that cascaded down into pressurized work for the FLEs. Work that came with varying degrees of complexity for the three organizations required FLEs to possess greater understanding and knowledge of clients' businesses. With minimal supervisory support, the responsibility to update knowledge and skills laid mostly with the FLEs with the exception of *GlobalCo* where FLEs received some amount of peer and supervisory support in this respect. Pursuing productivity improvements and efficiency gains using lean methods was a dominant feature evidenced in all the three case study organizations that inevitably had impacts on FLEs experiences of work. Strong evidences of work intensification and extensification were a common finding in all the three case study organizations but the manifestations of intensification and extensification differed depending on the post-crisis recovery strategies that each organization adopted to meet expectations and demands of them.

9.6.2 Perceived sense of job security

Majority of *IndianCo* FLEs' (7) work experiences were underscored by feelings of anxiety and uncertainty about their jobs. Despite increase in business volumes *IndianCo*'s aggressive pursuit of clients brought in "risky" contracts of short duration which was a source of worry and concern for many. Impermanence of the contracts led to temporary internal redeployment to higher volume contracts or temporary transfer to IT projects of the parent company as part of the "internal loan system". The outcome often was feelings of dissatisfaction as these temporary redeployments came with conditions and consequences not always welcomed by the FLEs. Redeployment to higher volume projects depended on the availability of such projects, the competitive evaluation of FLEs' performance and team leader approval. The unwelcome consequences of transfer to IT projects were many. Besides being treated "second class" (I-FLE12) due to the tendency of the IT-side of the business to "look down" (I-FE6) on the FLEs, it included FLEs "juggling between" BPO role and IT role and getting appraised by managers on both sides who did not communicate and as a result did not have "clear picture" of the FLEs' contributions (I-FLE9).

Another source of fear and anxiety about jobs for FLEs in *IndianCo* arose from their experiences with performance management and limited career advancement opportunities available. Monthly changing performance criteria, a direct result of clients' ever changing scope of work and transient nature of projects made it difficult for FLEs to understand their performance scorecards and FLEs perceived increased chances of manipulation of performance scores by managers (I-FLE3, I-FLE2, I-FLE4) as a result. Despite completing assigned targets, anxiety and fear over appraisal outcomes dominated FLEs' minds at work because maintaining good scores consistently was required to become eligible to apply for internal job postings (IJPs). Performing outstandingly did not guarantee successful outcome (I-FLE13) in terms of career advancement; it only made one eligible to apply for limited internal job postings available post-crisis. With limited career advancement opportunities available, one's aspiration to become a team leader which is considered the lowest rung in the managerial hierarchy depended on manager's approval *aka* "blessings" over and above the need to demonstrate consistent performance excellence for ten to eleven years (I-FLE2, I-FLE4, I-FLE5).

Uncertainty of projects, changing performance score cards, lack of feedback and opportunity to discuss support and guidance post appraisal (I-FLE11, I-FLE13), and limited career advancement opportunities had unfavourable outcomes for *IndianCo* FLEs' sense of job security.

Quite contrastingly to *IndianCo* FLEs, FLEs in *GlobalCo* spoke of their high profile accounts, long running projects and large deals or accounts secured by the company post-crisis. Nevertheless, experiences of fear and anxiety due to client intervened "double monitoring" (G-FLE7, G-FLE8) and strict performance evaluations encompassing criteria related to customer interaction and to the ubiquitous lean methodology, including 'smart' and 'zero error' service delivery found expressions in FLEs' accounts of their work. The performance evaluations entailed passing tough training modules, monthly and quarterly exams, making relentless efforts to improve FCR rates and increasing number of "Wow" calls. As performance metrics were tied to strong incentives a constant fear of losing incentives for the month reigned foremost in all FLEs minds even for FLEs (G-FLE4, G-FLE6) who were positively disposed to clients' practice of providing "great incentive offers" directly to

individuals achieving top scores. While performance management led to better performers being rewarded handsomely, the outcome for those deemed underperforming was harsh (G-FLE1, G-FLE2, G-FLE4). Zero incentives for the month, no performance bonus and forced resignations on falling short of performance scores three consecutive times were common consequences for underperformance. An inflexible and stringent performance evaluation in *GlobalCo* meant that falling short on only two of six metrics, or a point or two on the monthly test scores or perhaps only an occasional unauthorized absence, was enough to define underperformance (G-FLE2, G-FLE4, G-FLE7, G-FLE8). The high-handed approach adopted to deal with underperformance in *GlobalCo* gave rise to fear and anxiety undermining FLEs' sense of job security.

Significant job insecurity experienced by FLEs manifested in different ways for *IndianCo* and *GlobalCo*. Very similarly, in *CaptiveCo* too FLEs experienced significant job insecurity as their fate in the organization depended on their manager's subjective evaluation of their performance. "Seriously flawed" (C-FLE9) performance appraisals driven around "lobbying and oiling" (sic) C-FLE13) made "managing relationship" with manager[s] (C-FLE11), "play[ing] well politically" (C-FLE13) and keeping "visibility high" (C-FLE11) important for FLEs to get positive appraisal outcomes and stay long term in the organization. Very similar to *IndianCo* FLEs, *CaptiveCo* FLEs (8) experienced appraisals as opaque and riddled with subjectivity and bias that left majority living under constant fear and insecurity though some FLEs (C-FLE4, C-FLE8) had internalized it as an inescapable part of the job. Performance management was held to be inducing behaviours that ran counter to the parent company's (the global bank) espoused values of team working, knowledge exchange and peer support required for driving high performance culture. Providing evidence were FLEs' accounts of people "work[ing] in silos" (C-FLE10), not willing to share knowledge or exchange ideas out of being possessive of their acquired knowledge (C-FLE8, C-FLE9). Employees getting fired on disciplinary grounds at the slightest hint of compromising on data security and client confidentiality also made FLEs cautious and prevented them from exchanging and sharing much. Though the need to maintain secrecy about work to avoid security breaches and leak of client information seemed logical in isolation but the parallel or simultaneous need to espouse values of team

work and knowledge exchange/sharing necessary for high performance culture appeared contradictory.

CaptiveCo's claim of high performance culture based on collective and co-operative values was challenged by the fundamental individualization of performance appraisal and management giving rise to fear and insecurity that undermined FLEs' sense of job security. The paradox of high performance culture requiring cooperative and collective values versus individualization of performance and FLEs need to maintain secrecy about work is highlighted.

Manifesting in different ways, job insecurity among FLEs was a common outcome of specific post-crisis recovery strategies adopted by the case study organizations. While sources of job insecurity for *IndianCo* FLEs were short duration, impermanent projects, changing performance criteria and lack of transparency in performance appraisal, for *GlobalCo* FLEs the source was mainly tough performance evaluations with harsh consequences for underperformance. *CaptiveCo* FLEs' sense of job insecurity arose from "flawed" performance management and appraisal that had elements common to *IndianCo's* approach to performance management.

9.6.3 Sense of well-being

Even after business picked up post 2011 with the revival of the market conditions, the immediate effects of the recession that made *IndianCo* reduce facilities and withhold annual performance bonus and hikes in salaries, continued (I-MM2, I-MM5 and I-MM7, FE13) as focus on efficiency gains and cost reduction became the driving principles to recovery. The shock of economic crisis that prompted *IndianCo* to take decisions to axe certain benefits offered to FLEs pre crisis such as free pick-up and drop for all employees and highly subsidized canteen food were not reversed when market conditions revived. Other factors effecting in terms of well-being were staggered incentive payments and difficulty in getting approval for entitled leaves (I-FLE4, I-FLE5, I-FLE12).

Thus, in addition to inadequate supervisory support, lack of feedback on appraisals and reduced career advancement opportunities, *IndianCo* FLEs' sense of

well-being was effected by low salary, paltry pay rises and incentive payments, and reduced facilities (I-FLE1, I-FLE4, I-FLE5, I-FLE9).

Efficiency gains and cost reduction objectives pursued in *IndianCo* also had ramifications for employee engagement activities supposed to enhance psychological well-being (help unwind, reduce stress and monotony) of the FLEs. Paradoxically/Ironically, organized around pressures and targets of work and requiring FLEs to “chip in money” (I-FLE3, I-FLE, I-FLE5, I-FLE8, I-FLE12) the very objective of such activities were diluted. Team outings held in inexpensive restaurants or lackluster venues and other engagement activities such as “Pizza parties” and “Fun Fridays” arranged only when time permitted for a short duration dampened FLEs’ enthusiasm further. The outcome was FLEs’ casual attitude towards employee engagement activities dubbed as “ritualistic” and limited participation as a result. Well-being activities that *IndianCo* FLEs were genuinely interested in pursuing were using the gym and the swimming pool, and playing tennis, badminton or basketball. Ironically again, despite “robust”, “world-class” infrastructural and recreational facilities made available to the FLEs, work pressure and tight deadlines made it difficult for *IndianCo* FLEs to sustain those.

Compromising FLEs’ sense of well-being in *GlobalCo* was the fear and anxiety generated by its rigorous and strict approach to performance management (G-FLE1, G-FLE2, G-FLE4, G-FLE8) where falling short of performance resulted in harsh consequences. The dual and exacting system of evaluation produced because of the intimate relationships between *GlobalCo* and its clients made FLEs to constantly chase targets to pocket as much incentive as possible from the clients leaving FLEs who could not to suffer from low esteem issues that effected their performance further. Similar to *IndianCo* FLEs’ experiences, excessive workload and the failure to get manager authorization resulted in majority (9) of *GlobalCo* FLEs being unable to take entitled leaves, for example with G-FLE8 mentioning taking only 12 authorized leaves in her five-year career at *GlobalCo*. Taking unauthorized leave triggered the attendance metric, contributing to being designated underperforming, affecting bonus payments.

Further, in terms of well-being, FLEs' expressions of dissatisfaction with infrastructural facilities and amenities (G-FLE1, G-FLE3, G-FLE4, G-FLE6) such as cafeteria timing, parking space, unclean toilets, malfunctioning lifts, was in contrast to *IndianCo* FLEs' expressions of admiration for their "robust" infrastructural facilities and actually contradicted *GlobalCo* middle management's depiction of their organization as an "extended home" for their employees.

However, moderating these negative experiences affecting FLEs' sense of well-being were other support, facilities and benefits that *GlobalCo* was able to provide as an established player in the BPO market with a stable client base and expanding business post-crisis. In contrast to *IndianCo*, *GlobalCo* FLEs derived a sense of well-being from supervisory and peer support, shared learning and lucrative financial incentives to an extent which was further complemented by other facilities received such as continued 24-hour free pick-up and drop for all employees, highly subsidized food, Meal Pass and food vouchers allowing purchase of subsidized food from affiliated restaurants, canteens and food courts, and corporate discount coupons to retail chains and hospitals. All FLEs interviewed spoke approvingly of these facilities and benefits made available to them. Also highlighting the difference in experiences of *IndianCo* and *GlobalCo* FLEs in terms of their sense of well-being was *GlobalCo* FLEs' (7) reference to *GlobalCo* as a "fun place to work" (G-FLE2) and their enthusiasm for organizing fun activities such as fashion shows, Diwali celebrations, contests like tug-of-war and theme-based dressing for which they reported getting required downtime (G-FLE2, G-FLE5, G-FLE8, G-FLE9).

Similar to *GlobalCo*, the negative experiences affecting *CaptiveCo* FLEs' sense of well-being was moderated through providing certain facilities and benefits that *CaptiveCo* could provide as a result of its distinctive positioning as an in-house provider of a global bank. FLEs' negative experiences arising from lack of managerial support, firefighting and regime of fear surrounding the politics of appraisal was moderated through offering flexible work arrangement wherever possible, market competitive rewards package and opportunities to develop citizenship behavior by getting involved in community development activities. Additionally, other elements that FLEs in *CaptiveCo* considered deriving their sense of well-being from were

increased ownership at work and high value core work requiring use of complex technology and project management skills.

Major distinction between *IndianCo* and *GlobalCo* as outsourcing service providers and the in-house provider *CaptiveCo* was the latter's competitive rewards package with salaries paid reported to be "almost 8 per cent above the market rate" (C-FLE6) and healthy bonuses that "everyone looks[ed] forward to after the appraisal" (C-FLE11). Consequently, FLEs were less concerned at not having free transport or food.

The employee engagement activities in *CaptiveCo*, in comparison to *IndianCo* and *GlobalCo*, were also different in nature and focused on going beyond fun. Activities such as inter-corporate dramatics, inter-corporate quiz competitions and community development programmes requiring FLEs and their managers to volunteer time to help with social causes, raise funds for charity were common examples cited by FLEs (9) that made them "feel good". Getting time off to volunteer for causes FLEs cared for made them value those activities and thus garnered enthusiastic participation from them though occasional expressions of displeasure (C-FLE10, C-FLE12) with the activities not structured right or planned properly requiring FLEs to volunteer their time for such activities amidst time constraints and major project deadlines were also noted.

9.6.4 Sense of professional identity

FLEs' experiences of work under the current employment conditions shed light on their sense of attachment to their work and professional identity. Quite distinctive to *IndianCo* was the disparity in status and recognition experienced by the FLEs (I-FLE6, I-FLE8 and I-FLE12) between them and the IT employees of the parent company, a major factor effecting FLEs' sense of professional identity. FLEs' descriptions of feelings of subjugation when required to work on parent company's IT projects and lower remuneration and benefits received highlighted the less significant status of BPO work in *IndianCo*. Thus parent company's attitude towards BPO work contributed to FLEs reduced sense of professional identity in *IndianCo*.

Additionally, “rules around people management and progression” reduced FLEs’ “sense of personal value” (I-FLE12). As a consequence, sense of detachment from jobs was widely evident with even FLEs (I-FLE3, I-FLE10, I-FLE11) who performed exceedingly well and positively disposed towards their work expressing lack of enthusiasm for their jobs. Majority viewed their current work in the BPO sector as stop gap arrangements before moving into something better. FLEs reporting plans to pursue further studies (I-FLE1, I-FLE2, I-FLE9, I-FLE10, I-FLE11) and join IT companies (I-FLE1, I-FLE2) or start business of their own (I-FLE5, I-FLE7) were common.

Quite similar to *IndianCo* FLEs, *GlobalCo* FLEs’ expressions of “BPO work” (G-FLE2) as “rudimentary” and “not respectable” to be considered as a lifelong career option (G-FLE1, G-FLE3, G-FLE4, G-FLE5, G-FLE8) speak volumes about their sense of identity and attachment towards their jobs despite almost all FLEs reporting enjoying the fun loving culture in the organization. This challenges *GlobalCo*’s ongoing commitment to inculcating “culture of fun” in the workplace to enhance employee engagement.

Concern regarding *GlobalCo* FLEs’ perception of BPO work found expression in almost all managerial interviews as they considered it as a major deterrent in developing employees’ sense of professional identity and attachment to their jobs. Managerial efforts to substitute FLEs’ perception with increasing the element of fun in the workplace however did not impart professional identity. Sense of dispossession in the employment was evident in 5 out of 9 FLE testimonials. FLEs were required to put on different roles at different occasions and the constant need to navigate from one identity to another did not leave employees with much opportunity to be who they are at work. Moreover, back to back calling for eight to nine hours with just three fifteen minutes breaks, conversations with unknown people and angry customers from across the globe day in and day out, double monitoring , and a “win-lose work culture” with harsh consequences for underperformance, hardly helped impart a sense of professionalism.

Nevertheless, moderating this was a sense of pride that FLEs exhibited derived from working for “high profile clients”. FLEs (4) working for higher end, semi-tech

processes receiving strong financial incentives directly from these clients identified strongly with their clients and chose to describe their work experiences more in relation to their clients than *GlobalCo*. To an extent strong financial incentive, technical nature of the job with opportunities for learning, and separate floors dedicated in the building for the high profile accounts/processes conferred a sense of value to the job and identity to the individual performing that job. A moderate sense of professional identity was thus derived from working for “high profile clients” and “high-profile technical accounts” can be attributed to *GlobalCo*’s established client base that helped it secure “big brand MNC’s” (G-FLE3, 5) as clients post-crisis.

In comparison to *IndianCo* and *GlobalCo*, the sense of professional identity seemed to emerge stronger among the FLEs in *CaptiveCo* derived from considering them being an extension of the bank and its global brand. *CaptiveCo*’s efforts to instill ‘professional like’ norms and behaviours befitting a ‘banker’ succeeded to a certain extent in imparting sense of professional identity to its employees as all 13 FLEs perceived themselves to be superior in status to employees working for service providers. Their sense of doing a complex job that required superior skills and knowledge, interface with clients, sense of ownership and accountability, market competitive rewards package and matured employee engagement activities contributed, to an extent, in shaping their perceptions. However, the sense of identity acquired by the employees had not dissuaded them from denying problematic elements in their workplace. The workplace environment to a certain extent met employees’ needs of self-esteem but evidence from employee testimonials (C-FLE2, C-FLE4, C-FLE5, C-FLE6, C-FLE9, C-FLE10, C-FLE12, C-FLE13) did not indicate that employees fully identified with the management and its agenda.

9.7 Conclusion

Common findings in all the three case study organizations were increased work intensity post-crisis and low job security as a result of operationalizing the post-crisis recovery strategies of further efficiency gains and cost reduction. In operationalizing the strategies, HRM policy and practices were subordinated to Lean methodologies and cost reduction measures with harsh performance management all-

encompassing in the three organizations. The drive to reduce costs and/or increase efficiencies may well have served the profit maximization objectives of the case study organizations and their offshore counterparts but FLEs' experiences of work intensity and low job security manifested in different ways in their sense of well-being and also "professional identity", an important characterization of BPO employees in the pre-crisis years. An outline of the findings from the three case studies is presented in Appendix 5 (Table A5.1).

Chapter 10 Discussion

10.1 Introduction

Chapter 6, 7 and 8 presented findings on post crisis work and employment from three case study organizations which are representative of three major BPO business models in the Indian BPO sector. For each case, interview evidence from senior management, middle management and frontline employees respectively were presented according to interrelated themes – the immediate impact of the crisis, the recovery strategies adopted, resulting employment conditions, the HRM policies and practices adopted and employees’ experiences of work. These themes follow the logic of the research questions and the study’s critical realist methodological approach. Chapter 9, which synthesized and compared the case studies, provides a critical bridge to this analytical chapter which seeks to integrate the theoretical and the empirical. In doing so, it returns to the research questions made explicit in Chapter 5.

1. How did the three major BPO business models operating in India experience 2008 recessionary pressures? How did the business models adapt to the post-crisis client/business needs and demands?
2. To what extent has adaptation to post-crisis client/business needs and demands shaped employment conditions and, in turn, the HRM (people management) practices in the three different BPO business model cases?
3. To what extent have post-crisis employment conditions and HRM practices effected employee perceptions and work experiences in terms of well-being, work intensity and job security in the three BPO business model cases?
4. a) To what extent is there evidence of professional identity (PI) amongst frontline employees in the three case study BPO organisations?
b) To what extent, and in what ways, have the business models and HRM practices influenced the construction of frontline employees’ professional identity in the three case study organisations?

In answering these questions, the thesis makes a distinctive contribution to the research on labour process in the context of globalized production. It contributes to the understanding of conceptual issues surrounding contemporary globalization of production, dynamics of inter-firm arrangements, labour processes and theorization of labour in globalized production. It also makes a distinctive contribution to academic knowledge of Indian BPO in a number of significant respects.

Empirically, it provides a wealth of data on conditions of work and employment in Indian BPO in the changed conditions following the crash of 2007-8 and the great recession that ensued and which still remain almost wholly unexplored.

Through its comparative case study approach, which attempts to capture data on the three distinctive organizational types of Indian BPO (Indian third-party, global third-party and in-house captive), this thesis represents one of the first systematic attempts to analyse the variable consequences of respective servicing arrangements for the organization of work, employment relations and the experiences of work. Thus, it responds to Taylor *et al.*'s (2014) injunction for researchers to provide a finely-grained analysis of work and employment in Indian BPO in post-crisis conditions.

Accordingly, the study builds on earlier attempts to integrate labour and labour process analysis with the Global Commodity Chain (GCC), Global Value Chain (GVC) and Global Production Network (GPN) frameworks (Cumbers *et al.*, 2008; Cumbers, 2015; Coe, 2015; Heidinger and Flecker, 2015). This study contributes to the scant literature (*pace* Taylor, 2010) that applies these analytical frameworks through the concept of the service delivery chain to the 'Indian BPO sector'. This study advances the rationale for drawing on different elements of the GVC, GCC and GPN constructs for deepening/illuminating our understanding of the BPO supply value chain (Lakhani, *et al.*, 2013; Taylor, 2010b; 2015) and its shaping of employee experiences of work and employment, in the broader political-economic milieu of recession. In unique ways, this study draws on the theoretical resources of the related GCC, GVC and GPN frameworks to make the connections between the dynamics of workplace transformation, political economy and shifting regimes of accumulation more explicit with respect to labour, its agency and the labour process (Newsome *et al.*, 2015).

This thesis also offers an important and overdue critique of the discourse of professionalism in Indian BPO. The globalisation of service work has created new international divisions of labour, integrating Indian graduates who have been ‘sourced’ as linguistically adept and culturally attuned professional employees. According to D’Cruz and Noronha (2006) and Noronha and D’Cruz (2009) ‘professional identity’ both as managerial construction and employee self-definition distinctively characterizes BPO work and employment. This thesis argues that ‘professional identity’, while containing valid elements, is nevertheless a characterization that is deficient both conceptually and empirically, all the more so given Noronha and D’Cruz’s almost total neglect of data from the post-crisis years (*pace* D’Cruz *et al.*, 2012).

10.2 Background - Experiencing Recession

The Indian BPO industry’s dependence on demand from the countries most affected by crisis inevitably had disruptive consequences (Taylor *et al.*, 2014). Global BPO expenditure sharply declined as clients down-scaled their budgets and put discretionary spending on hold (NASSCOM, BPO Strategy Summit, 2010). This study understands Indian BPO in the post-crisis era by investigating three contrasting cases of offshoring, the adoption of post-recession recovery strategies by companies and the implications for the management of frontline employees. Firm-level variation in servicing chain arrangements and the organisational and technological elements that underpin and shape agent-customer interaction are considered in the context of the concept of the ‘service supply chain’ and the political-economy of transnational servicing (Lakhani, *et al.*, 2013; Dossani and Kenney, 2007; Taylor, 2010b).

IndianCo, overwhelmingly dependent on its IT parent company’s clients for contracts, faced severe continuity risks as it struggled to secure business in an uncertain environment. *GlobalCo*, as a transnational service provider was able to utilize its established client base to withstand the effects of recession. *CaptiveCo*, the in-house operation of a UK-headquartered multinational bank whose profits fell by over 14 per cent in the wake of the financial crisis, paradoxically experienced increased business

activity following the bank's decision to downsize its onshore core and offshore work to India.

The evidence confirms Taylor *et al.*'s (2014) provisional conclusions regarding the effects of the cost reduction initiatives that were implemented. Given the abrupt disruption to the trajectory of sustained growth no case study organisation had a strategy in place to respond to the crash. Weitzel and Jonsson (1989) suggest that organisations, having successfully adapted to their environment, enter a state of decline when they fail to anticipate, recognize, avoid, neutralize, or adapt to external or internal pressures that threaten long-term survival. A superficial analysis might suggest that the case study companies applied similar retrenchment approaches (e.g. reduced fixed costs, operational costs, cuts on wide range of expenditure, reduced staffing, increased workload, pay freezes) as they adapted to recessionary conditions. However, a more nuanced picture emerges from an examination of the evidence, in part, because of differentiation in organisational type and servicing relationship. The distinction between the case studies became more manifest as the appetite for outsourced (Lacity and Wilcocks, 2014) and offshored business resumed within intensely competitive market conditions, which brought significant pressure to bear on profit margins. Since cost savings obviously remained the primary reason for client decisions to outsource, the delivery of additional, innovative services which were seen to add value became more important than prior to the recession. Such imperatives required BPO service providers, such as *IndianCo* and *GlobalCo*, to transition legacy business models that focused largely on labour cost arbitrage to ones that facilitated long-term customer relationships, contracts of extended duration, which captured a greater proportion of client expenditure and increased customer loyalty. The outcome of this transition, it was hoped, would ensure the realisation of higher revenues.

GlobalCo, with an established client base and reputation for global delivery was more advantageously placed, in comparison to *IndianCo*, and slightly better prepared to respond to changed market opportunities. However, *GlobalCo*'s strategic decision to permit clients to exercise greater scrutiny over operational matters on service quality delivery standards, resulted in aggressive interventions in day-to-day operations. *IndianCo*'s ability to capitalize on the growth in demand in the market once the immediate downturn had passed was inhibited by the volatility of its client

base. Consequently, *IndianCo* was forced into sharper cost competition with other Indian BPO companies operating in the same space in a more open market, the outcome of which was short duration, impermanent contracts.

CaptiveCo represents a distinctive case because of its sectoral location. The post-2008 financial services industry experienced significant regulatory changes (Caprio, 2013; Barth *et al.*, 2013). While offshore outsourcing had concerned the regulatory authorities in the developed countries for some time, the recommended practice was generally for a light touch (Financial Services Act, UK, 2012). The regulatory environment tightened markedly after 2009 as violations of confidentiality and the transfer of customer information became major preoccupations. The outcome was an increased emphasis on service delivery to in-house captive operations as opposed to third-party provision. Offshore captive centres, their new nomenclature being Global-in-house Centres (GICs) became a more attractive outsourcing model in India coming to account for a claimed \$150 billion of global services market in this domain (Everest-NASSCOM, 2012). According to Everest-NASSCOM's (2012) projections, India's cost competitiveness was to remain sustainable for 12-15 years. Even wage inflation would not erase cost savings in the near term, given that net cost inflation in captive operations (6-8 percent), figure cited by *CaptiveCo* senior management interviewed was much lower than the generally cited figure of 12-15 percent. Despite being a common offshored BPO model, academic research on in-house captive centres is extremely limited.

Given the exigencies of national regulatory compliance *CaptiveCo* became less of a remote offshoot and more of an integral part of the multinational bank's supply chain as its fate was inseparably bound up with the strategy and the operations of its UK headquartered bank. The principal objectives of the bank post-crisis were to increase shareholder value, to re-shape balance sheet, to strengthen capital base, and to reduce costs (*CaptiveCo* Annual Report, 2008; 2015) with greater attention to regulatory compliance (Financial Services Act, UK, 2012). The bank's response was to design and manage an effective BPO configuration as an in-house operation in the low cost, high-skilled location of India. This strategic decision allowed *CaptiveCo*'s parent to not only capture the benefits of outsourcing but also to maintain a high level

of control over complex and critical processes, which exemplified Gereffi *et al.*'s (2005) hierarchical governance type.

Concretely, in offshoring, the nature of inter-firm relationships involved necessitates going beyond description to understand the conceptual and empirical linkages in the offshored relationship. Thompson and Vincent (2010) in their argument for a “durable model of the conceptual ‘connective tissue’ between the labour process and the broader political economy”, draw attention to the need to question how capitalist production is constituted increasingly through global networks, citing the inability of “national institutional logics” to explain change within and across national economies (Crouch; 2007; Deeg and Jackson; 2007; Thompson and Vincent, 2010). Thompson and Vincent (2010) ascribe this weakness to “static analysis” within the “institutionalist debates” which over-emphasizes “convergence” to “counter populist accounts of globalisation” (p.63). To understand the broader dynamics of capitalism and the politics of production that transcend global boundaries, for example, in transnational firms, analysis of inter-firm relations, focus on power relations between dominant and subordinate buyers and producers, varied patterns of governance and the associated mechanisms of coordination and control (markets, hierarchies and networks) across the whole chain, from conception of a product or service to its consumption (Gereffi *et al.*, 2005) become important. Thompson and Vincent (2010) argue that this is because “regimes of accumulation, the positions of firms within value chains and the antecedent structure of workplace social relationships all impact on agential projective tendencies by conditioning actor and workplace orientations and strategies. ‘Within’ labour processes the negotiation of plural interests result in a variable mixture of accommodation, compliance, resistance and consent; with the collective outcome of these relations necessarily conforming to expectations about profitability and performance in lieu of real possibility of organisational dissolutions and restructuring. Each of the layers identified signifies an independent stratum of causal conditioning within the political economy... the articulations of supply-chains, firms and inter-relations therein affects how they compete with one another for market share within and across markets and regimes of accumulation. Similarly, it is the articulation of interest groups within and between firms that affects how they vie for the symbolic and material resources required to extend their separable and often

competing interests.” (p. 64). According to the authors, this opens up links to GVC, GPN analysis, the conceptual schema that would enable the incorporation of a labour process focus and would also take in objects of analysis wider than the core concerns of labour process. This will provide a fuller picture of the political economy and help explain influences associated with the different layers of the political economy.

10.3 Adapting to Post-crisis Client/Business Needs and Demands - New BPO Models

10.3.1 Adoption of new pricing models and associated risks

One major step in transitioning from the traditional BPO model involved offering clients a competitive pricing linked to process efficiency gains in order to realize greater value. More aggressive client demand thus drove the third-party providers to adopt transaction and outcome-based pricing models, alongside the conventional FTE-based model based essentially on labour arbitrage pricing (Goel and Roy, 2015). The effect of the adoption of these new pricing mechanisms could be dramatic because they could remove unnecessary costs mainly of unutilised or under-utilised labour. Transaction-based models involve pricing by unit of output, such as number of invoices processed, customer accounts reconciled, insurance claims processed or checks disbursed. Outcome-based pricing ties service provider output to payment metrics that are directly relevant to the business, such as, customer satisfaction, reduction in customer churn rate, incremental revenues earned and cost savings. In this way, the measure for billing becomes based on the output and not on input or efforts put, and the service fee is decoupled from the number of full-time equivalent (FTE) employees (Goel and Roy, 2015). In *IndianCo* as the existing deals were subject to greater scrutiny pending re-negotiation, there was increasing pressure to transition to these more competitive pricing models in a bid to retain and lure new clients. By contrast, *GlobalCo* appeared more willing to continue with conventional FTE-pricing. Goel and Roy (2015) document that non-traditional pricing models take time and do not typically begin when the contract is signed. “Engagements typically begin with the conventional FTE based models and can shift to transaction-based pricing when the relationship evolves to a trusted partnership and adequate data has

been obtained on cost and volumetrics” (p. 4) which is what is evidenced in case of *GlobalCo*. Such subtle but real distinctions invoke the difference in governance types (Gereffi *et al.*, 2005), tending to a more-fully market form and to a more relational arrangement respectively. Nevertheless, the difference was mostly one of degree, for the inescapable trend to outcome-based pricing in both organisational types was evident. The driving force to sustaining future relationships with clients involved offering them flexibility to adjust their payments over time, align payments to their business needs and help them realize greater cost savings. Adoption of these pricing models transfers additional risk from the client to the service provider. The third party offshore service providers receive no commercial incentive to absorb the additional risks transferred in the supply chain. Thus service providers are forced to squeeze costs further and comply with clients’ requirements with little or no bargaining power to go for a cost sharing arrangement²³. This lends support to the argument that transactions within the GVCs are negotiated and the terms of those transactions, set mostly by the lead firms, reflect power asymmetries within the chain (Abdulsamad *et al.*, 2015). *CaptiveCo*’s Indian operations were not dependent, unlike the two outsourcers, on multiple clients and as a result did not face pricing pressures and strict delivery deadlines and in this case appear to exemplify Gereffi *et al.*’s (2005) hierarchy type which is characterised by vertical integration where all stages of production are carried out in-house even when production is offshored.

10.3.2 Delivery of transformational outcomes

A highly competitive market and the pressure on margins meant that traditional providers like *IndianCo* and *GlobalCo* were required to target higher growth, higher margin services, and more diverse sectors of services. Clients increasingly turning to outsourcing required *IndianCo* and *GlobalCo* to maximize efforts to rebalance their customer services portfolio or undertake portfolio optimization. The efforts included selective focus on specific industry verticals, providing end-to-end capabilities in core areas, diversifying beyond core offerings to

²³ An *agreement* between two parties to *share* the cost of developing an intangible asset, such as computer code, production methods, or patents.

provide services hitherto undelivered and adopting more technology implicit service models. *IndianCo* aimed at transformation through operational flexibility and enhanced efficiency through process re-engineering skills using Six-Sigma, Lean and other quality improvement tools, and increased technological capabilities to rapidly automate manual, rule-based, back office administrative processes. Identified as a process improvement approach that dramatically improves performance, eliminates causes of defects and errors, reduces cycle times and cost of operations, and better meets customer expectations (Evans and Lindsay, 2005; Dasgupta, 2003; Schroeder *et al.*, 2008) lean and six-sigma approaches seemed the most apposite for *IndianCo*. Nevertheless, the emphasis remained on cost inputs or transaction volumes over transformational outcomes as *IndianCo*'s historic success rested on scale and ruthless cost reduction through conventional labour cost arbitrage. *GlobalCo* aimed to achieve transformation by increasing efficiency through technological innovations in service delivery. *GlobalCo* embraced a multi/omni-channel strategy to deliver consistent service to customers across diverse touchpoints/channels, moving from mere 'customer service' provision to pure customer relationship management (CRM). Thus, *GlobalCo* sought to differentiate itself on lowest cost and better rates of FCR (First Call Resolution), and improving service delivery through multi-channel engagement.

Overall, it can be concluded that for third-party providers, *IndianCo* and *GlobalCo*, the pursuit of long duration high-end transformational contracts, depended on their ability to 1) ensure speed of delivery 2) improve capabilities across the entire sourcing life-cycle, 3) provide technology-led 'offerings' and 4) deliver scalability. Differences in outcome, in terms of contract size, scale of work and realizable margins, even if marginal, were implicated in their respective SLA-structured supply chains and in turn had variable effects on employees' experiences of work.

In *CaptiveCo*'s case, while its head quarter's top priority still remained deriving cost and productivity benefits from offshore (in-house) operations, *CaptiveCo* was expected to move beyond transactional back-office processes and deliver further efficiencies by undertaking more value-added core work. This trajectory confirms the observation that captive operations are expected to play a more strategic and entrepreneurial role owning and driving business outcomes (Penter *et al.*, 2009). It also supports Keane's (2014) proposition that intra-firm trade occurring within the

ownership structure of a single firm results in rapid product and process upgrading at each production node.

10.3.3 From back office optimisation to business transformation – conceptual and theoretical linkages

Delivering value beyond labour-cost arbitrage (Dossani and Kenney, 2007, Kuruvilla and Ranganathan, 2008) was confirmed in all three case study organisations, indicating that in the highly competitive post-crisis global BPO market, contracts are driven by the need for further efficiencies and are more concerned with business transformation than back office optimisation. This important finding points to a phase of evolution in the Indian BPO industry in which greater breadth and depth of services are offered to meet increased client demands and expectations. These latter may include management of clients, and service delivery using analytics and technology platforms, and higher performance and economies of scale. Such developments advance our understanding of Indian BPO beyond earlier characterisations of it as standardized, routinized, low discretion, scripted call centre work. In addition to ‘voice services’, back-office activities can range in complexity from transactional data entry or processing, through horizontal specialisms²⁴, such as Accounting and Finance (A&F) or Human Resources Outsourcing (HRO) to vertical domain specialisms²⁵ (banking, retail, healthcare). Such developments also highlight that with rapidly changing market dynamics and client needs, the outcomes sought by lead firms or clients from offshored servicing have a temporal dimension thereby supporting findings of Oshri *et al.* (2008) and Cullen *et al.* (2008). Explaining the temporal dimension, Oshri *et al.* (2008) and Cullen *et al.* (2008) state that lead firms’ or clients’ motivation to engage in offshore BPO is based on the outcomes they seek which encompasses cost savings, technical service quality and strategic factors, such as addressing skill shortages, utilising internal staff on high value activities, improving agility and flexibility. The different strategic criteria used by lead firms or clients in

²⁴ Horizontal BPO involves function centric outsourcing where the service provider specializes in carrying out particular functions across different industry domains. Examples of horizontal BPO are outsourcing in procurement, payroll processing, HR, facilities management, benefit administration, tax solution.

²⁵ As BPO market matures BPO companies focus on providing vertical specialisms. Vertical BPO focuses on providing various functional services in a number of industry domains such as such as healthcare, retail, banking, business services, utilities and energy and manufacturing.

their offshore BPO engagement, and the goals sought from BPO are likely to change over the duration of a contract or engagement (Oshri *et al.*, 2008, Cullen *et al.*, 2008). Since outsourcing will continue to be driven by the clients and their customers' needs, the imperative of enhanced value creation will remain. Enhanced risk-reward arrangement between client and service provider will set annual cost and service level targets (Lacity and Willocks, 2012).

Teece (2010) argues that developments in technology have allowed for lower cost provision of information and customer solutions and therefore have given rise to the need for businesses to be customer centric and for the re-evaluation of the value propositions they offer to customers. Drawing on Teece's (2010) observation that the traditional balance between customer and supplier has changed and the "supply side driven logic of the industrial era has become no longer viable" (p. 172), it is then argued that offshore service providers are continuously compelled to re-evaluate the value propositions presented to their clients and customers. In the context of business process outsourcing, as new communication and evolving technologies allow for further lower cost provision of information and customer solutions, there is perpetual demand or expectation from offshore service providers to offer higher operational efficiency, greater customer centricity and cost savings, and make direct impact on lead firms' or clients' business outcomes.

Lead firms or client businesses as "global buyers" (Gereffi and Korzeniewicz, 1994) enjoy market power and exercise greater influence over the relationships with vendors and supplier firms in specifying what, how, when, where, and by whom the goods [services] they sell are produced. Such issues raise the question of the fundamental asymmetry of power inherent in the producer-supplier BPO service chain. Having control over highest value activities in the chain lead firms are able to exert influence and set standards for suppliers. This "power asymmetry" (Humphrey and Schmitz, 2000) between the lead firms and supplier firms also allows the lead firms to extract price concessions from their supplier firms.

The value chain literature provides a conceptual basis to help understand the recovery strategies of the case study organisations. The GCC framework (Gereffi and Korzeniewicz, 1994) distinguished between two kinds of lead firms, "buyer-driven"

and "producer-driven". Underlying this "seminal" distinction is the notion that "producer-driven" chains dominated by large manufacturing firms (producing cars, complex electronics products, aircrafts) play central role in co-ordinating production networks and have more linkages between affiliates of multinational firms while "buyer-driven" chains more associated with relatively simple products (toys, home goods, apparels) have globally decentralized production networks in a variety of exporting countries, typically located in the "Third World" or developing countries. Production is generally carried out by "tiered networks of Third World contractors" that make finished goods for foreign buyers. It is relatively easier for lead firms in this kind of chain to outsource production whereas dealing with high technology and capital intensive items requiring manufacturing knowhow which cannot be shared easily makes it difficult for producer driven firms to outsource. Buyer driven chains are closely tied to several kinds of interfirm relationships that include the techniques of supply chain management linking large assemblers with small and medium-size enterprises and construct strategic alliances to create product differentiation techniques to establish prominence in the world market. Competition on the basis of product differentiation and innovation leads to customised, complex exchanges between buyers and suppliers. Their considerable size and the increasing number of suppliers for labour-intensive products tend to create power asymmetries and quasi-hierarchical relationships. In this relationship, global buyers frequently look for new sources of supply as a means of reducing costs and as a result, the capabilities required of suppliers to serve global buyers rapidly escalate (Humphrey and Schmitz, 2000).

The efficiencies gained in the post-recession period have evidently enhanced customer expectations and clients' requirements which in turn have required case study organisations to continuously re-engineer internally in terms of emergence and adoption of new technologies, new business models, and new customer segments. Within the turbulent post-crisis political economic environment and the rapidly changing technological dynamics of service delivery, the implications of continuous restructuring are salient factors for work and employment in third party providers (*IndianCo* and *GlobalCo*) and for in-house delivery (*CaptiveCo*).

Another development that the research reveals is that lead firms/clients based in the global North, in order to obtain significant business benefits through offshore

outsourcing, are now increasingly offshoring a wider range of processes, much of which are at the core of the company's business. Such a move 'up the value chain' challenges earlier depictions by some authors (Ramachandran and Voleti, 2004; Bhargava and Bhatia, 2005) which regarded BPO as suitable only for low level routine, non-core processes. However, with this trend having continued (NASSCOM, 2013), outcome based BPO contracts are becoming more prevalent and intensify pressure on third party offshore service providers to expand the scope of services and to assume increased business risks.

The growth of Indian BPO has been driven by a compulsion to reduce costs (Dossani and Kenney, 2007; Taylor and Bain, 2005). Fundamentally, the rationale for offshoring lay in the cost-cutting and profit-maximisation imperatives of the lead firms with the relentless underlying corporate restructuring and business process re-engineering (Taylor, 2010b; Howcroft and Richardson, 2012). In sum, as the global economic slowdown impacted the lead firms' businesses, more was expected of their offshore outsourcing strategy when the appetite for outsourced (Lacity and Wilcocks, 2014) (and offshored) business resumed. In a highly competitive market, third party offshore service providers, *IndianCo* and *GlobalCo* needed to differentiate their services from what they traditionally delivered, to retain and attract clients. Fernandez-Stark *et al.* (2011) noted that in order to differentiate themselves, service providers firms, by 2010 began to specialize in vertical industries offering high-value, industry specific services such as research and development (R&D) offshoring in pharmaceutical industry, clinical trial services in healthcare industry (Gupta, 2008), and value-add BPO support services in the automotive industry and financial services sector. They also observed that clients in the developed world have become increasingly comfortable with outsourcing more sophisticated "core" business functions to offshore providers. Greenberg *et al.* (2008) also noted increase in offering of end-to-end business processes outsourcing. Offshore outsourcing service providers *IndianCo* and *GlobalCo* were faced with increasing pressure to not only reduce costs and enhance operational efficiency but also develop abilities to offer end-to-end solution, including strategic tasks, and sector vertical specific value added services. In the global sourcing of services, when increasing number of high skilled, complex tasks are [being] "fragmented, quantified and traded ... lifted out of traditional

organizational structures” and outsourced to service providers (Howcroft and Richardson, 2012, p. 111) inevitably there is greater pressure on service providers to adapt to the demands of the clients and be seen as organizationally dynamic and innovative. In-house provider, *CaptiveCo* was also expected to move beyond traditional back-office responsibilities and deliver further efficiencies by undertaking more value added core work in terms of vital maintenance and “pioneering” developments that benefit customers worldwide. However, in order to meet lead firms’ demand for transformational outcomes and sustain that, *IndianCo* and *GlobalCo* needs to make significant investments in terms of time and cost to train and upgrade skills. Fernandez-Stark *et al.* (2011) draw attention to workforce skill issues in the offshore services industry and underscore the need and availability of highly skilled workforce when offshore firms advance into higher-value services requiring business understanding, analytical skills, and deep business domain knowledge. They assert that one of the important components of how developing countries, such as India, can move up the offshore services value chain is through building competencies and skills required to meet the demands of global service markets.

10.4 Analysis of the Recovery Strategies Adopted by Case Study Organisations

Despite commonalities among the case study organisations, variation in organisational strategy during the recovery phase is discernible. The adoption and implementation of a particular strategy is an important characteristic distinguishing one organisation from another (Aubert and Croteau, 2008). The strategic orientation of each case study was dependent on their clients’ (in the case of *IndianCo* and *GlobalCo*) and parent’s (in the case of *CaptiveCo*) overall approach to offshoring and the nature of the contracting strategy (transactional vis-à-vis relational) adopted. Greenberg *et al.* (2008) highlight the importance of the nature of interaction between the client and the supplier in a BPO relationship. They argue that the relationship between the client and the supplier is more than just ‘business to business’ and encompasses not only the flow of goods and services but also the flow of proprietary information between client and supplier firms. Clients are concerned about the

performance of the outsourced process and its impact on their reputation (Gomes-Casseres, 2006) and Greenberg *et al.* (2008) argue that this gives rise to the need to consider interfirm governance issues. Yang *et al.* (2011) assert that various forms of governance mechanisms are implemented for an effective outsourcing transaction.

IndianCo with a volatile and more fragmented customer base drew cautious clients whose preference was for shorter contracts to minimize risk of ‘supplier failure’ (Humphrey and Schmitz, 2000) and engaged in intense negotiation of the detail of contracts to maximize efficiency by drawing benefits from economies of scale and initially lower prices, and then exposed *IndianCo* to the demands of more sophisticated requirements of transformational outcomes such as adding value in growing the client business or bringing innovation in services within a short term contract. Humphrey and Schmitz (2000) assert that global buyers constantly scout for producers/suppliers who offer lower labour and production cost, which means integrating new producers/suppliers into value chains and exposing these producers to the demands of more sophisticated markets. This then raises the risk of supplier failure and the need for chain governance. Risk of supplier failure in terms of capabilities of existing suppliers to produce efficiently and reliably is a key driver of chain governance. The authors argue that lead firms establish quasi-hierarchical relationships²⁶ because of the risk of supplier failure. A tendency towards quasi-hierarchical relationship is also observed in *IndianCo*. *IndianCo*, being a new supplier to many of the clients, was subjected to intense negotiation of contracts and offered contracts using a wide spectrum of pricing models to suit clients’ needs, promised extra deliverables, accommodated clients’ changing scope of work and took up additional work during contract renewals at no extra cost thus reflecting some traits of quasi-hierarchical relationship. Hobday (1995) had argued that the ‘latecomer’ firm to the global economy faces two disadvantages: “[It is] dislocated from the main international sources of technology and R&D” and “dislocated from the mainstream international markets it wishes to supply” (p. 34). These dislocations create the need for quasi-hierarchy. In *IndianCo*’s case it can be argued that being a ‘latecomer firm’ in the BPO sector (in comparison to *GlobalCo*), there is a strategic intent of the supplier

²⁶ Relationships between firms in which one is clearly subordinated to the other, as in the case of subcontracting networks [discussed in Chapter 2 (ii)]

(*IndianCo*) to lock buyers into stable relationships (including the intent to tie into relationships with large buyers or powerful lead firms) so that it is able to access markets which would otherwise be difficult to penetrate (Sturgeon, 2008; Humphrey and Schmitz, 2000, Dolan and Humphrey, 2001).

Technically, in a short term contract, *IndianCo* is required to focus on the cost of the contract first as cost cutting sits at the foundation of most BPO relationships. Such an arrangement leaves less scope to generate ‘asset specificity’²⁷ and less chance of ‘opportunism’ (van der Meer-Kooistra and Vosselman, 2006) and minimizes the risk for the buyer and their ability to switch suppliers when required. Sturgeon (2008) argues that asset specificity was identified as a potential barrier to inter-firm relationships as it was found that buyers valued the ability to switch suppliers when required. Due to low asset specificity, a governance type characterized more by an explicitly market form (Gereffi *et al.*, 2005) dominates as the central governance mechanism. The case of *IndianCo* lends support to the observation made by Humphrey and Schmitz (2000) that suppliers and buyers would co-ordinate their activities through market forms, even when products (services) are sophisticated and fast-changing. Furthermore, since value chain governance patterns can be altered in predictable ways, market type governance in case of *IndianCo* can move towards more relational type as supplier (*IndianCo*’s) competence increases (Sturgeon, 2008).

As the importance of non-price competition, based on factors such as quality, standards, response time and reliability of delivery are increasing buyers or lead firms in developed countries are becoming more vulnerable to shortcomings in the performance of their suppliers (Humphrey and Schmitz, 2000). Hence supplier competence becomes an important determinant for them to invest in specific suppliers and seek to tie them to their chains as lead firms might find it difficult to substitute suppliers in time to compete effectively during times of uncertainty. An established global BPO supplier, *GlobalCo* with high profile clients was able to leverage an established global client portfolio and could focus on building long term viability through strategic prioritisation of developing and tracking the customer journey using high-end analytics and domain specialisation. It could reap the benefits of nurturing

²⁷ Discussed in Chapter3

closer ties with clients and long partnerships on extended projects by being able to track customer data from the past to develop insight into customer behaviour. *GlobalCo*'s strategy and priorities for India centred increasingly on the country's tech-related proficiency in web support and high-end analytics. Perhaps the most notable aspect of *GlobalCo*'s strategic shift lay in its promise to create a complete customer journey for clients combined with omni-channel technologies while pursuing cost effectiveness, optimization, and continuous improvement using its global proprietary framework. Drawing from the "resource based view of firms" (Barney, 1991), firm-level competencies or 'dynamic capabilities' (Teece *et al.*, 1997) and access to those expertise and competencies, serves as a motivation for maintaining relationship with external firms, in this context the clients' motivation to maintain relationship with *GlobalCo*. Drawing on the transaction cost framework, it can be argued that by virtue of the long-term relationships, high interdependencies between client (lead firm) and suppliers are created giving rise to high asset specificity..

GlobalCo, thus, also focused on a hybrid approach combining transactional and relational mechanisms. It is interesting to note that despite reports (Taylor, 2015; Taylor and Anderson, 2008; 2012) of internationally facing Indian call centre services facing labour indeterminacies in terms of linguistic and cultural difficulties, *GlobalCo* which offered mainly voice services was able to maintain a steady flow of business and, in fact, reported expansion of call centre operations in India in the post crisis markets. This success could be attributed to the durable relations between *GlobalCo* and its clients, exemplifying Gereffi *et al.*'s (2005) relational governance of supply chains characterised by mutual reliance sustained by the demonstrable experience of high quality delivery and reputation. However, increasing client intervention in *GlobalCo*'s operations in the post crisis period signifies intimate control of chain governance from lead firms or clients, which challenges Gereffi *et al.*'s (2005) claim of low chain governance in the relational form. By the virtue of their market power being "high profile clients", the lead firms imposed higher and more stringent requirements for standards on *GlobalCo*.

Complementing this development is *GlobalCo*'s own preoccupation with ensuring high standards of service delivery through rigorous call quality analysis, emphasis on increasing FCR rates and the number of 'Wow calls' alongside stringent

checks to enhance domain knowledge. Clients' direct intervention in on-site delivery at *GlobalCo* premises became a key element in a reconfigured supply chain. The key performance indicators (KPIs) of the client or the 'lead firm' were made all the more manifest in performance metrics as they were operationalised in what might be regarded as innovative forms of inter-firm governance (Gibbon *et. al.*, 2009). This concrete example demonstrated the possibility of change and the dynamic nature of governance in value chains and production networks (Humphrey and Schimtz, 2000). *GlobalCo*, a global service provider with a strong global footprint and enhanced service delivery capabilities could steer interactions with lead firms/clients towards a more relational type, precisely because lead firms might favour interaction with large suppliers possessing strong capabilities and strategically located (Abdulsamad *et al.*, 2015). However, despite minor caveats, determining the terms of supply contracts rested mainly with the lead firms ("high profile clients") who required *GlobalCo* to develop additional competencies in order to handle increased complexity of transactions. It may be suggested that this requirement constituted modular governance, in Gereffi *et al.*'s (2005) schema, which co-existed with the relational form. The outcome was a more complex buyer-supplier interaction with high volume of information flowing across the inter-firm linkages.

By contrast, offshoring to in-house captive operations requires a higher degree of horizontal and vertical integration between the company's departments and its offshore operations and processes (Pentar *et al.*, 2009), representing a hierarchical governance form (Gereffi *et al.*, 2005). For *CaptiveCo*, this required realignment of back and middle office functions, familiarity with business context and greater understanding of the internal processes of the bank. However, navigating growing operational complexity and reforming a traditional back-office culture were major hurdles. A hybridization sub-strategy farmed out non-core tasks to third party vendors, including *IndianCo*, so that *CaptiveCo* could focus on more core areas of work. Additional benefit derived from this strategy was that increased "low margin work" migrated to *CaptiveCo* after 2010 and could be undertaken without leading to an increase in permanent "headcount".

10.5 Operationalization of Post-crisis Strategies

10.5.1 Shaping of employment conditions

In operationalising their post-crisis strategies third party suppliers (including *IndianCo* and *GlobalCo*) implemented lean methodologies including specific initiatives such as making Lean and Six-Sigma training mandatory for all employees, reducing cycle time, improving FCR rates, enforcing process consistency in a ceaseless drive to constantly improve levels of efficiency, add value and reduce cost (Dasgupta, 2003; Evans and Lindsay, 2005; Schroeder *et al.*, 2008; Ray and John, 2011). Middle managers responsible for executing these initiatives described them collectively as ‘operational excellence’, a euphemism essentially for the lean objective of removing wasteful processes and the maximisation of productivity from the utilisation of minimal human resource levels. It would appear that Indian third-party providers took seriously Nasscom-McKinsey (2009) injunctions that the BPO industry should reduce costs by 20-30 per cent through ‘performance excellence’, defined as a combination of platform and process improvements, changes in labour utilisation and the inevitable sought after gains in per capita productivity. In terms of governance, control and costing became subject to microscopic scrutiny and accountability and each link in the servicing supply chain became tightened with the dedicated removal of unnecessary costs (Bair, 2008; Gereffi *et al.*, 2005; Taylor, 2010b). ‘Going beyond’ SLAs became the watchwords of lean transformation, and the inseparable accompaniment to process re-engineering and Six-Sigma was the ‘resource crunch’ of reduced staffing.

If *CaptiveCo* did not have external clients driving the same delivery-time, cost-minimisation and tight SLA pressure that dominated at *GlobalCo* and *IndianCo*, ‘lean and mean’ was nevertheless prioritised with a similar obsession with the ‘deliverables’ and the ‘disciplined rigour’ of Lean. Focus on high value core areas of work and increasing scale with minimal headcount were additional drivers. Thus, the post-crisis prescription of ‘doing more with less’ was dominant in all three case studies.

Middle managers, particularly team leaders, are important in this account of operationalising the post crisis strategies, because they are that final layer of

management (the frontline management), accountable for ensuring that the ‘deliverables’ are indeed delivered on time, at the agreed volume and at the requisite quality. If over-promising in order to attract new clients created excessive pressures for managers and FLEs at *IndianCo*, contrastingly, at *GlobalCo*, it was intervention from established clients that generated similar effects. The latter’s desire to form intimate relationships with clients permitted them to intercede on operational matters, which magnified scrutiny of operational matters and the performance of middle managers and FLEs. Following Ponte and Sturgeon (2014), it might be argued that ‘inter-firm’ or ‘transactional’, as opposed to ‘whole chain’, governance have assumed greater importance. The new realities of lean transformation meant constant pressure on middle managers (particularly of third party service providers) to step up capabilities adding to the accounts of intensification of work under the rubric of Lean. Although middle managers’ discontent with Lean was evident and amplified in the challenges they faced it was not directly expressed. Willcocks and Griffiths (2010) highlight the crucial role of middle managers in offshoring arrangements to help ensure “relationship chemistry and adaptability needed for effective delivery of outsourced services” (p. 177). In *IndianCo*, if team leads faced unrelenting pressure to reduce operations cost, to achieve more with less and to frequently accommodate changing client requirements, in *GlobalCo*, it was demands from them to be available 24/7 to provide assistance to their teams, to provide continuous coaching and to monitor and evaluate performance in terms of call quality, FCR rates and domain knowledge in order to serve and retain high profile, long-standing clients that mattered.

10.5.2 Lean and Six-Sigma versus value added high-end work

The pursuit of standardization, Lean and Six-Sigma and, on the other hand, efforts to draw high value, core work seems contradictory. The obsession with lean, standardized operations coupled with constraints on time and resources did undermine the attempts of the case organisations to attract more complex, high-end work. Most of these process oriented approaches, such as Lean and Six-Sigma, focus on procedural and capability maturation (Pareira and Malik, 2015) and are often associated with the tasks that are transactional in nature and based exclusively on cost-savings-driven

value propositions. These “high performance, data driven approaches” drastically improve company’s bottom-line through aggressive designing and monitoring every business activity and minimizing waste and resources while improving customer satisfaction (Schroeder, 2008). However, implementation actually reduces variation in organisational processes (Parast, 2010) and might stifle creative thinking or ideas required for moving up the BPO value chain. NASSCOM-Everest (2012) predicted Indian BPO to be working with “cutting-edge tools, technologies, and platforms”, setting up “innovation incubators” (p.6), and Gereffi and Fernandez-Stark (2010) refer to high end business services provision in high-tech, automotive, aerospace and health care sectors, in market research and business intelligence, all of which will require high levels of knowledge creation and expertise.

Parast (2010) cautions against implementing Six-Sigma and Lean methodologies more broadly in fast paced environments that necessitate a high degree of innovation and change, as expected outcomes may not materialize, thus: “Focused on variance reduction and efficiency, these initiatives are not very effective in dynamic environments, where the rate of technological change is dramatic” (p. 45). Considering the rapidly changing business dynamics of the Indian BPO sector with constantly evolving technologies, an uncompromising implementation of Lean and Six-Sigma might compromise the potential to deliver high value, complex work that could add value to client businesses and increase the breadth and depth of service delivery. Analysis of the findings is consistent with the NASSCOM-Everest’s (2012) predictions that cost-arbitrage would diminish in importance for Indian BPO industry in the medium term.

10.6 Shaping of HRM Policies and Practices

Taylor and Bain (2006a) pointed out that people management practices in Indian BPO need to be understood and explained with reference to the wider context of political, economic and geographical factors driving offshoring. Operationalizing post-crisis recovery strategies had significant ramifications for people management, particularly in relation to training, performance management, reward and recognition and employee engagement activities, the lynchpin of HRM in all three case studies,

despite differences between them. To drive the workforce to meet the overriding objectives of Lean and Six-Sigma while simultaneously meeting the pressing demand to add value to clients' businesses required the reshaping of HRM policies and practices.

It has been argued elsewhere that clients play an important role in determining the HR system in supplier organisations based on the prevailing inter-firm relationship (Harney and Jordan, 2008; Kinnie *et al.*, 2008; Martin *et al.*, 2011; Marchington *et al.*, 2009). In call centres, for example, clients exercise control over remote operations through 'stringently enforced' SLAs that affects work design and other structured elements of work processes (Taylor and Bain, 2003; Taylor and Anderson, 2008; 2012).

Several researchers (Kinnie *et al.*, 2000; Hutchinson *et al.*, 2000) documented the use of sophisticated HRM practices that resembled high commitment management practices (HCM) or high performance work systems (HPWS). Such work systems, it has been claimed, fit well with market segmentation strategies and, in particular, with relational, as opposed to transactional, work performed on behalf of clients (Hutchinson *et al.*, 2000). These studies emphasized the need for an alignment between HR practices and control systems to maximize employee commitment and, at the same time, to control employee behaviour for high quality interactions with customers. McPhail (2002) argued that there is little evidence of HR policies or practices fulfilling such a mandate. Researchers also argued that tightly controlled, heavily monitored and scripted work was combined with high commitment practices to offset the negative features of call centre working, where managers sought to adapt and design HR practices to align with employee needs and customer expectations (Kinnie *et al.*, 2000). The focus on alignment was important because the performance of organisations in call centres and other service sector organisations is highly dependent upon employee attitudes and behaviours. An enthusiastic and committed workforce has been seen as central to gaining competitive advantage in a highly competitive and rapidly changing business world and thus investment in human capital has been considered as key (Pfeffer, 1994; Appelbaum *et al.*, 2000). According to proponents of the Human Resource Management (HRM) paradigm, a thoughtfully constructed HRM system is viewed as capable (theoretically) of fulfilling both the business needs

of the organization and the personal aspirations of job holders. Bestowing HRM with a strategic quality, researchers argued that HR tools and practices are used to manage the pool of human capital in a way that ‘commitment aligns interests and mobilises discretionary effort’ (Thompson, 2011, p.359). Adoption or promotion of such practices has a positive impact on the reputation of an organization of being a ‘good employer’ and thereby on the share prices. Research (Holman, 2004) on HR practices and team leader support in call centres had shown that they had a positive effect on employee well-being.

However, some early research (Walton, 1987, Arthur, 1994, Youndt *et al.*, 1996) on HCM in companies in manufacturing associated HCM with high-discretion and flexible task roles and argued the inefficacy of HCM practices in high surveillance, low discretion, and rigid task work (which can be applied to call centre work) and noted that “administrative HR systems” or “control” HR, which is identified as an alternative to HCM, is appropriate in a strategic context that emphasizes cost reduction. It is also important to acknowledge that HCM approach has been criticised for considering that there is ‘one best way’ of managing people, and for its failure to acknowledge the importance of contexts at the national, sectoral and organisational level (Boxall and Purcell, 2011).

In the conditions of the Indian BPO sector, sophisticated HRM practices, such as strategic recruitment, robust training, performance management, teamwork, incentivized remuneration, career management and social activities, were documented by researchers (Batt *et al.*, 2006; Budhwar *et al.*, 2006a; b; Thite and Russell, 2010a a; b; D’Cruz and Noronha, 2011). Some even asserted that HR practices in Indian call centres are highly innovative, professional, structured and world class (Budhwar *et al.*, 2009b; Thite and Russell, 2009) implying a convergence with western practices. Various dimensions of HR including supportive team leadership, employee ‘involvement’ programs such as ‘town hall meetings’, committee involvement and suggestions schemes have been identified.

However, attrition emerged as a major problem (Sengupta and Gupta, 2012; Das *et al.*, 2013; Deery *et al.*, 2013) and BPO companies faced acute difficulties in recruiting, retaining and training workforce. The evidence of the benefit of HCM

practices to employees has been challenged claiming that they can lead to work intensification, stress and more insidious forms of control (e.g. White *et al.*, 2003; Ramsey *et al.*, 2000; Marchington and Grugulis, 2000). Thite and Russell (2009) note that more than HCM, high maintenance and administrative activities such as constant and large scale recruitment, training and performance appraisal actually typify HRM in Indian BPO and these leave HR with little time for strategic thinking, planning and implementation.

In operationalizing the post crisis recovery strategies, it is found that HRM policies and practices such as training and development, performance appraisal, reward, recognition and benefits, and employee engagement activities are not so much aligned with, as subordinated to, lean methodologies. The evidence from this study supports the critical version of HRM indicated above and chimes with Thompson's (2011) observation that changing forms of capitalist political economy impact on HR practices in the workplace, with organizations finding it difficult to sustain the stable conditions required to make the best practices or 'bargains' work.

10.6.1 Training – the new realities

In a transnational BPO supply chain, clients or lead firms expect high standards of service when the provision of business services is transferred from developed to developing countries (Fernandez-Stark *et al.*, 2011). In early years, general competencies required to work in the BPO sector, besides formal tertiary education, have included communication skill, such as active listening and voice clarity, analytical decision-making, basic computer skills and linguistic capability. Rapid growth in the sector through the mid-2000s was supported by robust recruiting and training techniques (Wadhwa *et al.*, 2008, Cohen, 2008, Schlosser, 2007). Fernandez-Stark *et al.* (2011) observe that training and development was a central part of corporate strategy during this period and the training programs ensured that high quality standards were maintained. In-house training supplemented poor quality tertiary education. Besides accent neutralization and cultural programming, training initiatives focused on management and leadership development, the creation of customized programs for potential employees through leading technology and

management institutions and universities (Fernandez-Stark *et al.*, 2011). Examples of leading BPO firms, like Wipro and Infosys, offering robust induction or intensive “basic training” of 12- 14 week duration in their open- university campus and ‘state of the art’ residential training facility respectively were also reported (Schlosser, 2007, Fernandez-Stark *et al.*, 2011). Competencies and skills required of the offshored workforce differ according to the specific service performed at the delivery node of the value chain (Fernandez-Stark *et al.*, 2011). When higher value activities are delivered from by the offshore provider, the quality levels expected by clients are likely to grow over time giving rise to advanced and complex skill requirements. Fernandez-Stark *et al.* (2011) cite globally recognized certifications and working knowledge of global software platforms or development of financial analysis skills to be of increasing importance as the industry continues to evolve.

The case study evidence is that post crisis processes increasingly demand higher levels of business understanding, greater analytical skills, and deeper domain knowledge. While senior management at the case study companies emphasized the importance of a knowledgeable and continuously learning workforce as more critical than ever for maximizing performance, a major contradiction is evident. For while training in the post crisis years has stressed the indispensability of deepened domain knowledge, the reported practice was of constrained training provision, reduced time to competence, shorter induction programmes and the onus placed on FLEs to complete training in personal time.

Third party providers *IndianCo* and *GlobalCo* provided minimal training coverage in order to comply with legal regulations, to meet operational needs and to ensure essential domain certification. The common tendency of all the case companies was for formal training to be constrained, with reduction in classroom contact sessions and restrictions on staff taking time off to pursue training. While training is often an early casualty of recessions the organisations in these cases did not dispense with training completely, but changed the mode of delivery, a finding consistent with evidence from other studies (Felstead *et al.*, 2011; 2012a). Such changes involved an ideological and practical redefinition of training as more of an individual responsibility than an organizational one. An interesting paradox to emerge from *IndianCo* is that while mandatory role-specific training courses for FLEs were delivered through

interactive self-service, overall control and monitoring of the process was retained by HR. By contrast, *GlobalCo*'s attempts to inculcate notions of shared or collective learning in a non-evaluative and collegiate environment were thwarted by the effects of monthly tough evaluations, particularly as time constraints impacted individuals' ability to study and learn. The findings support arguments made that many HR or HCM practices are undermined due to lack of consistency in their application (Marchington and Grugulis, 2000).

Acquiring domain specific knowledge and certifications were deemed necessary for delivering error-free work given that clients increasingly transferred business risks to the service provider. In *IndianCo*, six-sigma and domain knowledge certifications were made mandatory, while in *GlobalCo* domain knowledge checks through regular exams were enforced in a drive to deliver superior quality service to customers of high profile clients. *IndianCo* and *GlobalCo* developed new ways of maintaining training coverage. The emphasis on providing high quality, complex contents in more cost effective ways was summed up in phrases such as 'training smarter', 'doing more for less', 'reducing rebooting time' and so on.

The findings provide significant support for the argument of the need to locate workplace training within a broader context of the demands of suppliers and customers and the wider constraints within which the workplace operates (Felstead *et al.*, 2009). If customized training on clients' products and systems followed by monthly tests were key characteristics of *GlobalCo*'s training, in *IndianCo*, what mattered was the ability to make quick transitions through short learning curves to address unpredictable changing client needs. This notable finding emphasizes again the fact that 'inter-firm' or 'transactional', as opposed to 'whole chain' governance, has assumed greater importance (Ponte and Sturgeon, 2014)

Another important finding is that workforce development initiatives differ according to the firm's position in the value chain. For example, the fact that *CaptiveCo*'s operations were in-house may have helped it to minimise some of the inherent risks and tensions involved in managing operations. Concerns over security are diminished and knowledge may be easier to capture and leverage through the captive relationship (Carmel and Agarwal, 2002; Gerrefi *et al.*, 2005). Nevertheless,

navigating growing operational complexity, reforming the traditional back-office culture and transferring the corporate culture of the bank were major challenges that could not be eliminated simply by virtue of in-house provision. So, inculcating the bank's culture was prioritized over hard skills training. Training programs were mainly aimed at reinforcing the bank's codes, its values and behaviours. As far as training on high-end technology, changed banking regulations and deep sector knowledge were concerned FLEs were expected to learn on the job without much "hand holding" or recourse to "classroom training". If the approach to training and its mode of delivery in *CaptiveCo* were shaped by its post-crisis corporate strategy, in *IndianCo* and *GlobalCo* they were shaped by client demands, particularly for value added work and faster cycle times. The outcome was the oft noted paradox, or contradiction, in service work between quantity (volume) and quality (value) (Korszyinski, 2002; Taylor and Bain, 2001) by which an emphasis on accuracy, error free and high value work might conflict with the importance of time and resource economy. The implications for training would be the need for the former is undermined by the imperative of the latter.

10.6.2 Stringent performance management

Although *kaizen* in cost reduction, quality standards, efficiency and productivity were made manifest in different ways across the case study organisations, performance management was nevertheless all-encompassing irrespective of the client-organisation. An obsession with metrics, measurements, appraisals, one-to-ones, rankings, monthly and quarterly exams and dealing with underperformance had come to dominate middle management practice. Rigorous performance management was implemented under the rubric of "performance excellence" or "process excellence", or in the name of creating "high performance culture", and was an essential mechanism for subjecting FLEs to values and behaviours directed towards achieving organisational performance linked to clients' business objectives (Kingstrom and Bass, 1981; Murphy and Constans, 1987). These systems of performance management in Indian BPO are reflective of a more general development in the developed countries, whereby performance management has extended its scope and reach, to embrace diverse elements of HRM rather than having a more limited

focus on performance appraisal (Boxall and Purcell, 2012; Marchington and Wilkinson, 2012). It is also possible to trace the genesis and subsequent dissemination in Indian BPO of an influential form of performance management, based on forced distribution. GE was the first major firm in the developed world to relocate a significant element of BPO work to India. Driven by CEO Jack Welch, GE adopted wholesale a form of forced distribution of employee performance (70-20-10) by which the bottom 10% of those deemed to be underperforming would be managed out of the organisation on an annual basis (Slater, 1998). As the Indian BPO industry expanded, and as firms came to require experienced managers, many who had been hitherto employed by GE came to occupy middle and even senior management roles across the sector, bringing with them an adherence to the principles and practices of performance management (Michaels *et al.*, 2001).

At *IndianCo*, the impact of clients' ever-changing exigencies and the transient nature of projects was profound. Since the cascading down of such volatile demands could be potentially damaging, attempts were made to give coherence to the chaotic through monthly reviews of the performance criteria. While this process of continual re-evaluation might have enabled management to exercise some degree of control, it did not deliver re-assurance to FLEs who were confronted with constantly altering performance scorecards that were difficult to understand and which prompted perceptions that required scores were being manipulated by their immediate managers. Demonstrating consistent performance excellence did not guarantee successful outcome in terms of career advancement within the organisation unless managers made recommendations. The consequences of *IndianCo*'s unrelenting efforts to reduce operational costs, not least in the largest element labour, were manifold. Whereas, in pre-crisis years, demonstrable excellent performance by FLEs had provided a probable, if not automatic, pathway to career advancement, and financial rewards, cost curtailment diminished the opportunities for progression and fractured the link between performance and progression. This post-crisis situation is a world away from that reported widely in BPO's early years (Budhwar *et al.*, 2006, Holman *et al.*, 2007, Gorjup *et al.*, 2008) when agents were often rapidly promoted in the contexts of rapid growth and a relative dearth of experienced front-line managers.

In *GlobalCo* the mechanisms of control included clients intervening in operational matters which, as demonstrated in Chapter 7 created a “double monitoring” system. This system of “double monitoring” which was *GlobalCo*’s punitive approach to underperformance ran in conjunction with clients’ provision of lucrative financial incentives for those they deemed outstanding performers. This created a sharply-polarised ‘win-lose’ culture amongst employees. Such a hybrid form of control provides additional evidence of how nuanced the client-vendor, third-party relationships might be and how specific configurations of practices might take shape in the nodes of the service chain (Ponte and Sturgeon, 2014; Gereffi *et al.*, 2005). In *IndianCo* and *GlobalCo*, attention is drawn to the ways in which client priorities shape performance management practices. In a nuanced contrast to *IndianCo* and *GlobalCo*, *CaptiveCo* also qualifies a literal reading of governance types. From Gereffi *et al.*’s (2005) schema, it might be assumed that in an in-house relationship greater internal organisational coherence might facilitate cooperation, knowledge sharing and collective endeavour. The evidence provides some compelling qualification. Interviewees reported that performance management was inducing behaviours that ran counter to the espoused corporate values of team working, knowledge exchange and peer support that were deemed necessary for a high performance culture. Performance management was described as “seriously flawed” and was redolent with “lobbying and oiling” (sic), “managing relationships” with manager[s], “play[ing] well politically” and keeping “visibility high”. FLEs reported people “work[ing] in silos” and being unwilling to share acquired knowledge or exchange ideas because of the competitive pressure of performance appraisal. Furthermore, the stringent need to maintain data security and client confidentiality made FLEs cautious about sharing knowledge, perhaps a logical response, but which contradicted the values of team work and knowledge exchange. . Engaging with Marchington and Grugulis’s (2000) critique, certain best HR practices which “convey images of working together, equality and management by peers, utilising expertise to the full and being able to make more contributions” (2000, p. 1109) may not actually deliver on the promise but may increase management control and stress.

CaptiveCo’s claim of high performance culture based on collective and cooperative values was challenged by the fundamental individualization of performance

appraisal and management (Sparrow and Marchington, 1998; Jenkins and Klarsfeld, 2002; Hutchinson, 2013; Hasegawa and Noronha, 2014) giving rise to anxieties that undermined FLEs' sense of job security. Findings from *CaptiveCo* highlight the paradox of high performance culture requiring cooperative and collective values versus the individualization of performance and FLEs' need to maintain secrecy. Findings support conclusions that managers distort uniform application of HRM practices by adapting policies to their subunits, creating "slippage" (Boxall and Purcell, 2008) or undesired variability (Nishii and Wright, 2008).

Research has emphasized the role of line managers and their behaviours in performance management (Boxall and Purcell, 2008; Hutchinson, 2013). The HR practices perceived or experienced by employees will be those largely delivered by line managers (Purcell and Hutchinson, 2007). Empirical evidence from the case-studies, especially, *IndianCo* and *CaptiveCo*, reveal FLEs' lack of faith in managers and in the performance appraisal system. Negative repercussion for questioning performance scores, lack of transparency in the appraisal process, lack of feedback and opportunity to discuss support and guidance post appraisal caused widespread dissatisfaction among employees. These responses might prove to be counterproductive in the long run even if short term gains in performance are currently achieved due to the cost-savings-driven business model still dominating. The study reveals that important factors associated with performance management such as trust-based relationship, respect for managers, training, continuous coaching and feedback, and open communication, which are essential for extracting discretionary effort from employees, considered to be consistent with the "best practice" approach (Armstrong and Baron, 2005; Purcell *et al.*, 2003; Sparrow, 2008, Hutchinson, 2013), are difficult to sustain in the context of ever-increasing client demands.

10.6.3 Shaping of reward, recognition and benefits

Wyatt (2002) found that reward policies had more impact on a company's growth in value than other aspects of HR management. Pensions, group and individual incentives, total reward designs and stock ownership combined with competitive base pay to have a significant impact on a company's growth. Academic research on

rewards emphasizes financial remuneration and rewards. High performing companies tend to make greater use of cash incentive plans and also employee share plans (e.g. Cully, 1999) as employees respond more to financial incentives. However, Brown and Reilly (2009) claim that no studies have conclusively demonstrated that adopting a market competitive financial rewards package actually achieves improvements in business and HR metrics to justify the extra costs. They argue that academic research generally support a contingency, ‘best fit’ model of reward effectiveness, rather than the universal ‘best practice’ approach with a “unitarist” (Marchington and Grugulis, 2011) underpinning. It is likely then that recessionary induced pressures would make companies review their reward strategies to tailor them to best fit the needs of the current circumstances.

In pre-crisis years, many Indian agents, materially, gained employment opportunities, upgraded pay and comfortable working conditions (Poster, 2007). At the highest end, the remuneration provided a high quality of life to agents, though salaries appeared small by American or British standards (Mitter *et al.*, 2004). Besides high salaries, performance incentives and nightshift allowances, organisations were reported to offer facilities like reading rooms, Internet kiosks, gymnasiums, free transportation, free or subsidized meals and games facilities (Ng and Mitter, 2005; Poster, 2007; Ramesh, 2004; Noronha and D’Cruz, 2009). Other material incentives reported (Noronha and D’Cruz, 2009) include gift vouchers, movie and entertainment tickets, mobile handsets, i-pods and DVD players (p. 102).

As efficiency gains and cost reduction became the driving principles to achieve recovery, rewards, recognition and benefits were subjected to cost pressures. At *IndianCo* where employee cost was perhaps 70-80% of the total operating cost, the twin aim was to reduce cost and increase productivity. Promising more deliverables, reducing project overheads through delayering and flattening role hierarchy and optimizing support functions through process improvement and automation were the key levers deployed. Drastic changes were made to the companywide reward and recognition programme as recession-induced budget constraints compelled management to withdraw monetary and other rewards given to employees in the expansionary pre-crisis years. *GlobalCo*, having operated with less disruption during the recession and having expanded its operations thereafter, continued to provide

employee facilities and benefits. Being employed in an in-house operation of a multinational brand, FLEs received market competitive rewards packages substantially higher than those received by FLEs at *IndianCo* and *GlobalCo*. These findings are consistent with those from the Global Call Centre Project (Batt *et al.*, 2005; Holman *et al.*, 2007) and from Messenger and Ghosheh (2010) with the caveat that these studies are based on data deriving from the pre-crisis period. It should be noted that *CaptiveCo* subcontracted its low value routine work to third party service providers, which were referred to as “vendors” (including *IndianCo*), while middle and senior management emphasised the ways *CaptiveCo* was distinguishable from third-party providers in the quality and complexity of services provided. Providing further support for the distinction was the absence of facilities such as free employee transport and subsidized meals at *CaptiveCo*. Considered popular and commonly predominant (or more often customary) in the Indian third party providers, these facilities were identified by *CaptiveCo* FLEs as trivial and associated with the “BPO culture”.

The specific positioning of the case companies within their respective BPO value chains shaped their reward, recognition and benefit practices post crisis. The new economic realities had the most obvious effects on *IndianCo* which withdrew benefits and facilities and reduced monetary rewards and designed new non-monetary reward and recognition mechanisms. For employees to earn monetary rewards, performance thresholds were increased, a strategy adopted by *IndianCo* on the pretext of “meaningful ways of rewarding employees”. Such a practice was reflected in *GlobalCo*’s incentivization of FLEs based on tough monthly evaluations and performance competitions. Performance related remuneration to reward high performers had been documented earlier with regards to HCM and HPWS practices in call centre work (Batt, 1999; 2000; 2002, Kinnie *et al.*, 2000), but when lead firms/HQs yank on the transnational service chain these practices may manifest in more aggressive or forceful ways, as evident in *GlobalCo* and *IndianCo*. Post-crisis practices of rewarding and recognizing employees in *IndianCo* and *GlobalCo* focused increasingly on non-monetary rewards. Where monetary rewards were concerned the thresholds for achieving incentives were invariably raised. Thompson (2011) highlights the fact that in workplaces, organizations have found it difficult to sustain

the stable conditions that are required to make best practice ‘bargains’ work (Thompson, 2011) ‘Optimistic HR narratives’ become difficult to sustain ‘through periods of downsizing, financial re-engineering and perpetual restructuring’ (p. 357).

10.6.4 Fun and employee engagement activities

Studies of the service sector in general and of interactive service work in particular have drawn attention to management’s combined use of “fun and surveillance” (Kinnie *et al.*, 2000, Baldry *et al.*, 2007). Purcell *et al.* (2000) argued that greater alignment is sought between “fun and surveillance” to alleviate the pressures of a highly controlled work environment. Deery and Kinnie (2002) observed that to secure quality service delivery, tightly controlled and specified work regimes may not be sufficient. Consequently, cultural–normative controls were required to inculcate values of good customer service. This kind of control manifested in the managerial rhetoric of creating a fun place to work. The goals were of maximizing employee commitment and in parallel, controlling employee behaviour which are noted in several studies (Redman and Mathews, 2002; Kinnie *et al.*, 2000; Alferof and Knights, 2003; Baldry *et al.*, 2007). In the context of routinized work flows and the alienation involved in such work, Baldry and Hallier (2010) emphasize the creation of a fun environment as a strategy for encouraging the “right emotional mind-set”. It has been assumed that “positive emotions generated by a fun working environment will seep into the telephone conversation and be transmitted to the customer” (p. 10).

Companies paid considerable attention to social and recreational events in this regard such as quizzes, team competitions, prizes for meeting targets and fancy dress days. Thompson *et al.* (2004) noted widespread use of teams to facilitate socialization, provide focus for social contact and mutual support, although teams had no significant decision rights or role in workplace governance and were often sacrificed to performance pressures. Similarly, HCM practices although not associated with employee discretion were used to offset negative features of call centre working (Purcell *et al.*, 2000).

The provision of “fun activities” was a much discussed feature in early studies of Indian call centres (Poster, 2007; Ramesh, 2004; Noronha and D’Cruz, 2009). Labelled as employee engagement activities, fun–related activities were conducted to

keep employees stress-free and prevent possible burn-out. Activities included Fun Fridays, pizza parties, family days, team outings, parties, disco nights, various fun games and competitions, birthday and festival celebrations. Concerted efforts were made to create a vibrant work atmosphere. Organisations even adopted ‘fun’ squads, ‘fun’ officers and event managers to manage ‘fun’ activities. The underlying objective, claimed Noronha and D’Cruz (2009), was the employers’ concern for employees’ professionalism, work-life balance and well-being which encouraged them to invest in such activities (Noronha and D’Cruz, 2009). “Work as fun” and “workplace as another campus” drew potential employees to this sector (Ramesh, 2004).

The desired if not the actual outcomes of fun activities, including positive emotions, social connectivity and commitment that enhance task performance, are the characteristic features of employee engagement (Hutchinson, 2013). These features are recent addition to the battery of HR outcomes for employee engagement in contemporary organisations, underpinned by a resource-based view of competitive advantage (Frank *et al.*, 2004). Employee engagement has been considered a multi-dimensional construct comprising feelings, cognitions and behaviours and involves various aspects of employee contribution in not just meeting but exceeding the goals through emotional and psychological engagement (Kular *et al.*, 2008). It rests on the foundation of a meaningful and emotionally enriching work experience (Towers Perrin, 2003). To what extent had the fun activities been able to create engaged employees in Indian BPO cannot be determined conclusively from the studies. Due to difficulties in conceptualising and measuring employee engagement (Truss *et al.*, 2012), there is scarce academic research conducted in this area. However, Thite and Russell (2009) in their study of Indian call centre/BPO, derived positive responses when they gauged employee engagement using measures such as concern for co-workers, sharing of knowledge, working extra hours and staying late at work without additional payment as well as in terms of commitment to organisational goals and looking forward to coming to work. Bhatnagar (2007) found high employee engagement at intermediate stages of employment.

In the post-crisis context, employee engagement activities differed in the three case studies depending once again on their respective positioning in the value chain and strategy. Organizing fun activities proved increasingly challenging for *IndianCo*

under budget constraints, demanding work pressures, strict delivery deadlines and ever-increasing client demands, the characteristics that had come to define BPO work in the years following the financial crisis. Enthusiasm among FLEs for Fun Fridays and other fun activities such as Pizza parties and games and competitions which were widespread in the pre-crisis years were reduced because of increased work pressures and strict deadlines. Budget constraints ensured that such activities were curtailed.

In *IndianCo* and *GlobalCo*, employee engagement initiatives were governed by the brand strategy of the respective organisations. In *GlobalCo*, if the strategy was to promote the organisation as a ‘fun place to work’, in *CaptiveCo* it was the symbolic management of “what it means to work” in *CaptiveCo*. *GlobalCo*, with a generous budget for employee engagement activities continued to promote itself as a fun place to work, consciously seeking to mitigate the effects of stringent monitoring and tight task control and to elicit knowledge from FLEs. *CaptiveCo*’s concern to project itself as an in-house operation of a value-driven bank manifested in playing a broader role in the communities in which it operated and consequently, employee engagement supported community organizations, NGOs and charities and required employees to contribute time and expertise. These strategies aim to strengthen employee identification with the company, and engage employees in co-creating corporate social responsibility values (Bhattacharya *et al.*, 2007; Hawkins, 2006; Hilton and Gibbons, 2004). Authors argue that companies do not want to be perceived as entities obsessed with profit maximisation. Such strategies “humanize” the company in ways that other facets of the job-product cannot and aim to restore public trust in the corporate world (Hancock, 2004).

The findings also draw attention to middle management’s recognition of the need to organize employee engagement activities within a “more meaningful context” rather than going “overboard with the fun theme”. This acknowledgement suggests a decreasing importance of the culture of fun at workplace and its effectiveness under the contemporary working conditions. For third party service providers, *IndianCo* and *GlobalCo*, adopting a fun approach to work or showcasing workplace as a place for fun potentially undermined management’s attempt to project BPO work as serious, high-value added work. Baldry and Hallier (2010) found that workers in office and customer service centres resented managements’ attempt to determine what is deemed

fun because it intruded on their personal identities and sought to re-shape their values and expression.

Employee engagement activities raise an important point. According to relevant literature (Rich *et al.*, 2010; Macey and Schneider, 2008; Caza, 2012; MacLeod and Clarke, 2009), engagement is concerned with employees' willingness to do extra work to support organisational growth. In the context of the case studies, the experience of camaraderie, bonding, team work and sense of fellowship derived from these activities might give an ephemeral boost to the employees, but these benefits might not be significant enough for FLEs who are in demanding and stressful roles, constantly anxious about their performance scores, to commit extra discretionary effort. Purcell (2012) asserts that employee engagement is a means of improving working lives and company performance only when employees are put at the "heart of the enterprise". He further states employee "voice", "collective consultation", fair and just implementation of policies and practices, direct and open communication, "explaining, sharing, and justifying ... need for decisions and why certain actions were necessary" (p. 15) and how fair they are, constitute and foster employee engagement and "in return employees work better in their job, cooperate in innovation and change, and support the organisation which employs them" (p. 15). In the light of this argument, employee engagement particularly at *GlobalCo* and *CaptiveCo* is driven by a mistaken notion of regulating employee behaviour towards fulfilling employer objectives, highlighting domination of the organisational imperative of control in the garb of employee engagement.

Implementing client demands 'to go beyond SLAs and bring transformations to processes' brought pressure. Overriding objectives of increasing efficiency, reducing cost and adding value to clients' businesses post crisis were reflected in instrumental people management practices and policies adopted in relation to training, performance management, reward and recognition and employee engagement activities in the three organizations. Empirical evidence (Marchington *et al.*, 2005; Fisher *et al.*, 2008) in this regard is found in manufacturing supply chains where it is reported that management practices, including employment policies, are influenced and even shaped by clients, suppliers and partners. Research also provide evidence of organisations adopting market responsive employment practices (McGovern *et al.*,

2007) or introducing HRM in a ‘relatively fragmented and ad hoc way’ (Gallie *et al.*, 1996, p. 18) when organisations respond to pressures in the context of deep recession. HR practices, systems or processes in the case study organisations were reshaped to support immediate commercial interests of the lead firms and revive their business post-crisis. One would expect to find variation in the impact on HRM practices (even if marginal) depending on the form of governance in inter-firm relationships. The different relationships and arrangements associated with different value chain configurations in terms of firm interdependencies, task complexities and supplier capabilities can lead to difference in strategies and outcomes in employment relations (Lakhani *et al.*, 2013). The findings also reveal that outcomes expected from application of certain HRM ‘best practices’ (Pfeffer, 1998) such as encouraging shared learning, teamwork, creating high performance culture, implementing employee engagement programmes did not necessarily lead to desired positive outcomes as various lead firm influences, manifesting in distinctive ways, inhibited their effectiveness.

Overall findings lend support to observations made by researchers (Marchington *et al.*, 2005; Rubery *et al.*, 2003) studying other sectors that outsourcing of goods and services to external suppliers has implications for employment within supplier organisations. Such implications vary considerably and are contingent on the nature of relationships between buyers and providers which are themselves shaped by a range of inter-related institutional, inter-organisational and inter-personal factors (Marchington and Vincent, 2004; Vincent, 2005). Barrientos (2013) observe that buyers’ own purchasing and supply chain management practices, such as cost-cutting, shortening lead times and last-minute changes often make the supplier unable to observe their labor codes.

10.7 Employee Experiences – Work Intensification, Perceptions of Job Security, Well-being and Professional Identity

It is important that the impact of global production systems on workers and their potential responses are understood. Following Gereffi *et al.*’s (2005) influential theory of GVC governance that focused on interfirm linkages, researchers (Gibbon *et*

al., 2008) asserted that it tended to minimize the concerns of labour and “over – prioritized economic governance” (Smith *et al.*, 2002) and hence, argued for the potential integration of labour process analysis with chain or network theorizing (Henderson *et al.*, 2002, Coe *et al.*, 2004). In order to redress the “connectivity problem” (Thompson and Vincent, 2010), as it is termed, between political economy and labour process, researchers (Flecker and Meil, 2010; Newsome, 2010; Newsome *et al.*, 2013, Taylor, 2010) utilized the explanatory purchase of the global chain and network perspectives to deal with the nature and experience of work in contemporary capitalism. It is argued that the dynamics of the labour process can be better understood when situated within wider framework of changes at the broader level of political economy shaping the nature of contemporary production.

From the theoretical to the empirical, data gathered from the middle management (including HR and operational managers) reports on the HR practices as intended rather than those experienced by the employees. For methodological robustness, it is therefore, crucial that experiences of employees who are at the receiving end of the HR practices are captured (Purcell, 1999; Guest, 1999). In the present study, important ramifications of cost reduction and of delivering efficiency gains combined with continuous quality improvement were work intensification, increased targets, extended hours, strict performance management and instrumental HRM practices that shaped employees’ experiences of work and employment in terms of their perceptions of job security, well-being and professional identity. These outcomes manifested in different ways in the respective case studies and lend support to the supposition that variation in specific servicing chain arrangements, inter-organisational factors, nature of the relationships between buyers and providers have consequences for employees’ experiences of work in Indian BPO sector.

10.7.1 Work intensification

Though work intensification and extensification, performance targets, irregular work schedules, monitoring and control were common findings from previous studies on Indian BPO work, especially call centre work, the findings were based on data drawn predominantly from the pre-crisis period. Indian call centre work

was seen to consist largely of highly standardised, transactional workflows, with stringent job controls and demanding targets (Taylor and Bain, 2005; 2006b; Batt *et al.*, 2005; D’Cruz and Noronha, 2006; Noronha and D’Cruz, 2009b). SLAs were the mode of operational governance (Noronha and D’Cruz, 2009b, p. 73–4; Taylor, 2010b) used by the lead firms to prescribe standards or quantitative metrics (such as customer satisfaction scores, call handling times) of service delivery that suppliers at the Indian node of the transnational chain must deliver. Shortfalls against SLAs might have serious repercussions for workers, such as dismissals on the grounds of underperformance, corrective action by management and, financial penalties, which were common occurrences. Pressurised work routines, the complexities of encounters between Indian agents and Western customers, strict managerial control and demanding targets rooted in constrictive SLAs characterized Indian BPO work (Taylor and Bain, 2005; 2006b; Noronha and D’Cruz, 2009a, b; Taylor, 2010b; Mirchandani, 2012, p. 89-95; Nath, 2011) with evidence of authoritarian management practices, including bullying (D’Cruz and Noronha, 2013a), and lack of employee representation (Taylor and Bain, 2008; 2010; Taylor *et al.*, 2009). Indian agents experiencing work-life balance conflict (e.g. Taylor and Bain, 2005; Poster, 2007; Noronha and D’Cruz, 2009b; Mirchandani, 2012) due to synchronising their working shifts with the servicing time needs of the Western customers, were widely reported as were employee dissatisfactions with shift duration, unpaid extra time working, and unpredictable and long commute times.

In organizational terms, financial crisis had immediate disruptive consequences on employment, work organisation and the experiences of work. Data gathered from the two years immediately following the crisis revealed “reconfigured local labour market dynamics, tightened work discipline, an extensification of working time, work intensification and unprecedented growth in job insecurity” (Taylor *et al.*, 2014, p. 105). However, as the immediate crisis passed and the offshoring of business services resumed, Indian BPO witnessed a growth surge from 2011. This revival raised questions as to whether the conditions and experiences of work immediately following recession were reversed or had become more permanent and whether the rigorous measures applied and adopted in the aftermath of the financial crash had been sustained extended or had become relaxed. This study’s findings reveal that recession had

largely impacted market conditions, enlarged client expectations, made SLAs more demanding and, ultimately, led to increased targets. Thus, there is a historical contingency in how post crisis BPO work remains demanding and highly pressurized with stringent managerial control dominating. Acknowledging the continuities in the characteristics of BPO work from the pre-crisis period, the study argues that the economic crisis generated an additional, external source of pressure and highlights the key subsequent developments in the post crisis context in three contrasting servicing supply chain relationships.

The new dynamics of BPO business characterized by “moving beyond SLAs” required third party providers, *IndianCo* and *GlobalCo*, to enhance overall value for the clients besides continuing to deliver core benefits related to cost and efficiency. Expanded contractual demands at the top thus cascaded down into pressurized work for the FLEs. Initially, much of the BPO value proposition was built on simple manpower replacement, which led to widespread use of the FTE based pricing model (full-time equivalent - the cost to the company per employee). Increasingly, clients started looking for benefits beyond cost savings and service improvements, leading to pricing models like transaction-based pricing and outcome-based pricing (Goel and Roy, 2015; Agrawal *et al.*, 2014). These newly adopted models exposed workers more directly to market pressures, by eliminating buffers of ‘spare human capital’. Employees reported a remarkable intensification of work, manifesting (in different ways) in excessive and often unachievable targets in both call-centre and back-office work. Work that came with varying degrees of complexity (increased business risk transfer, constantly changing client requirements in case of *IndianCo*, and mapping customer journeys to create better service, gauging customer requirements, educating customers in case of *GlobalCo*) from the clients and the head quarter for the three organizations required FLEs to possess greater understanding and knowledge of clients’ and core company’s businesses. Thus, the need for strong domain knowledge became a key element of post-crisis BPO work. With minimal supervisory support, the responsibility to update knowledge and skills was placed on the FLEs with the exception of *GlobalCo* where FLEs received some amount of peer and supervisory support. This post-crisis reality is in contradiction to the long standing BPO sector specific training ethos that was characterised by the provision of extensive corporate

training (Fernandez-Stark *et al.*, 2010b; Wadhwa *et al.*, 2008). Firms usually focused on fostering educational upgrading, and training took place both in-house and as well as through customized programs with different science, technology, and management institutions in India.

The extensive and intensive implementation of Lean and Six-Sigma methods (Schroeder, 2008), a post-crisis imperative, to pursue productivity improvements and efficiency gains was another dominant feature evidenced in all the three case studies that inevitably had impacts on FLEs' experiences. In *GlobalCo* "being on the phone" most of the day generated exhaustion and fatigue. Performing emotional labour in call centres is not new but FLEs reported handling increased number of irate customers post crisis making "unreasonable demands" (to reduce bill amount, seek discounts) from agents that required putting in greater amount of emotional labour. As documented earlier (Noronha and D'Cruz, 2009; Poster, 2007; Taylor and Bain, 2005) Indian agents working in international facing call centres were required to possess "emotional labour skills beyond the scope of customer interaction to embrace cultural, linguistic and geographical dimensions linked to the lives of their overseas customers" (p.85) so that customers felt comfortable and divulged personal information during service interactions. Post-crisis, the pressure to perform emotional labour intensified. Chat sessions required agents to service multiple customers in real time without breaks. Intense pressure from quantitative targets remained, but the growing significance of first call resolution (FCR) and handling 2-3 chat sessions simultaneously was widely reported. Extensive use of electronic performance monitoring systems to improve employee performance resulting in intense level of control had been documented in pre-crisis call centre literature (Taylor and Bain, 1999; Bain and Taylor, 2000; Batt and Moynihan, 2002; D'Cruz and Noronha, 2006). However, the need to measure both the quality of interaction between agent and customer and to a greater number of 'Wow' calls (where customers explicitly acknowledge the help and solutions provided by the agent) increased electronic monitoring of telephone conversations post crisis in *GlobalCo*, representing "new developments in the Taylorization of white-collar work" (Taylor and Bain, 1999, p. 115). The need to create more "Wow calls" in the face of increasing number of "irate

customers” making “unreasonable demands” presents a challenging paradox within the context of heightened work intensification.

Another development marking call centre work post-crisis is the need for critical domain knowledge in addition to enhanced communication skills. The importance of communication skills, “locutional competencies” (Taylor, 2015; Cowie, 2007) in Indian call centre work have been repeatedly highlighted as necessary for effective service delivery interaction and customer satisfaction. Given the significance of inter-firm power asymmetries in servicing chains it was deemed necessary by the lead firms that Indian agents communicated with Western customers at the required standards of “fluency, empathy, sensitivity and cultural congruence” (Taylor, 2015; p. 279). Taylor (2015) argues that “in order to overcome the anticipated linguistic, communicative and cultural shortcomings of Indian agents, the qualitative elements of SLAs are imposed more rigorously than they would be in the UK” (p.279). In post-crisis conditions the need to deliver value added services required agents to not only possess enhanced communication skills but also to absorb critical domain knowledge, for example of insurance, healthcare, retail applications and platforms. In *GlobalCo* communication skills were now complemented by additional skills, including understanding the scientific basis to the metrics that drove a process, ‘omni-channel’ capabilities and quality analysis using apps and platforms. This observation does not however imply that FLEs in *IndianCo* and *CaptiveCo* experienced less work intensity, by virtue of the fact that they performed back office roles, so that intensification manifested in other significant ways as high performance targets exacerbated job demands. *IndianCo*’s readiness to accept additional work from clients translated into greater pressure. FLEs described the abrupt changes in work schedules, in daily targets and the need to be ready ‘to take up anything’ given ‘the real time competition constantly driving people to push their limits further’. Heavy workloads and long working hours, 12-14 hour shifts without overtime and working on Saturdays to complete targets and training modules were common among FLEs. As market-driven intensification (McGovern *et al.*, 2007) impacted workers in the outsourced centres of *IndianCo* and *GlobalCo*, the parallel process at *CaptiveCo* was what one FLE described as “urgency superseding importance”, “firefighting” and the stringent implementation of internally-generated targets. Despite harbouring dissatisfactions

FLEs in *CaptiveCo* approved of their specialised skills and knowledge and their use of new technologies and lean techniques.

Work intensification and extensification were commonly reported across all three organizations but they manifested themselves differently depending on the post-crisis recovery strategies that each adopted. The macro political economy of business process outsourcing, particularly in the context of post crisis BPO work, and its effect on work and employment in the Indian BPO sector adds significant value to the study undertaken. It establishes that changes at the level of broader political economy shapes the nature of contemporary production, and the dynamics of the labour process can be better understood when situated within such wider frameworks of change (Newsome *et al.*, 2015).

10.7.2 Job security

In the immediate aftermath of recession, Taylor *et al.*, (2014) documented an unprecedented growth in job insecurity among employees in the Indian BPO sector due to changed labour market conditions. As BPO business revived after 2011 and market conditions improved, it might be expected that perceptions of insecurity should have diminished. However, rigorous performance management measures were not relaxed but extended. In each of the three cases, the key feature of HRM was an emergent system of performance management that drowned the FLEs and middle managers in performance metrics of all kinds and utilised ‘rank and yank’ as an operative principle. Performance management was used punitively rather than developmentally which has negative associations with well-being (Holman, 2004). Not surprisingly, then, despite the increase in business volumes, the work experiences of FLEs reported in all three cases were underscored by feelings of anxiety and uncertainty about jobs and future career growth. Manifesting in different ways (due to variation in the specific servicing chain arrangements), job insecurity among FLEs was a common outcome of specific post-crisis recovery strategies. While the sources of job insecurity for FLEs at *IndianCo* were the short duration, impermanent projects, changing performance criteria and lack of feedback and transparency in the appraisal process, the source at *GlobalCo* was mainly tough performance evaluation and harsh

consequences for underperformance. At *CaptiveCo* FLEs' sense of job insecurity arose from "flawed" performance management and appraisal that had elements in common to *IndianCo*'s approach to performance management. Sharma *et al.*, (2008) note a general lack of transparency in performance management systems in Indian organisations. They found that employees could not see clear links between performance and rewards and hence did not trust the system to be fair.

Performance management measures that were applied with much rigour in the immediate aftermath of the crash (Taylor *et al.*, 2014) have been extended and become more permanent conditions of BPO work. Lack of transparency, consistency and feedback and scope for manipulation have also increased, according to employee experiences. CIPD (2009) report stated a "top-down imposed change" in performance management practices where continuation of employment is determined by "sustained high performance" leaving employees disenchanted and concerned about fairness and accuracy of the process.

10.7.3 Well-being

Researchers have argued that good levels of health and well-being creates engaged, happier, healthier employees in the workplace and have a positive effect on an organisation's productivity and profitability (Black, 2008), and there is ample evidence of the two-way relationship between work and well-being (Waddell and Burton, 2006). Also there have been significant advances in policy and a general consensus among employers that staff well-being is important for long-term business performance (CIPD, 2016). Nevertheless, there remains an implementation gap as employers fail to turn this rhetoric into reality (Miller and Suff, 2016). Guest (2016) argues that in order to promote well-being, HRM in organisations needs to adopt a different approach. Studies have found that HRM potentially leads to work intensification and subsequently to anxiety and lowered work-related well-being (see, for example, Boxall and Macky, 2014; Jensen *et al.*, 2013; Wood *et al.*, 2012). Summarising this research, Guest (2016) suggests that a path from HRM to well-being is through an employment relationship in which a balanced exchange brings mutual benefits to both the organisation and employees and may result in positive outcomes

for employees. Thus, an argument is advanced calling for a shift in focus - instead of linking HRM to performance, HRM needs to be linked to well-being as a path to high performance (Guest, 2016). Nevertheless, organisations find it challenging to build a business case for well-being when cost reduction and efficiency gains are prioritized.

Issues related to working time arrangements, work load, work-life balance, job control, performance monitoring and routinized work have been documented and their effect on the well-being of call centre workers have been demonstrated (Holman, 2004; Deery *et al.*, 2004; Hyman *et al.*, 2003). This call centre research suggests that the presence of HCM practices that give greater primacy to employee interest were not sufficient to tackle well-being issues. The driving principles to post-crisis recovery strategies adopted in Indian BPO were efficiency gains and cost reduction which continued relentlessly even after business picked up after 2011 with the revival of the market conditions. The recovery strategies adopted thus had an impact on employees' sense of well-being, manifesting in different ways. The shock of economic crisis that prompted management to take decisions to axe certain benefits and facilities offered to FLEs were not reversed when market conditions improved as evidenced in *IndianCo*. Other factors such as staggered incentive payments, paltry pay rises and difficulty in getting approval for entitled leaves, all effected employees' sense of well-being. Employee engagement activities supposed to enhance psychological well-being (help unwind, reduce stress and monotony) of the FLEs, as per management rhetoric, were also affected as budget constraints continued. These examples lend support to Thompson's (2003) argument that employers are "finding it harder to keep their side of any bargain with employees" in contemporary capitalism. Miller and Suff (2016) note that during tough times, well-being slips down in an organisation's agenda.

Though the present research found supervisory and peer support (Holman, 2004), shared learning, lucrative financial incentives, and facilities such as 24-hour free transport, highly subsidized food, and meal coupons might contribute to a sense of well-being amongst *GlobalCo* FLEs, the dual ("double monitoring") and exacting system of evaluation increased work intensification and created problems of psychological well-being. FLEs constantly chased targets to pocket as much incentive as possible from the clients and those who could not, suffered from low esteem that affected their psychological well-being and subsequently their performance. Holman's

(2004) review of well-being in call centre work suggested that performance monitoring when used punitively, rather than developmentally, and which is excessive, is negatively associated with employee well-being. Excessive workload and the failure to get manager authorization made taking entitled leaves difficult as unauthorized leave triggered an attendance metric. This measure contributed to being designated underperforming, and affected bonus payments. Thus, reconciling two sets of thought that tight control and measurement of performance can co-exist with HR practices that are aligned with employee needs and customer expectation is a difficult mandate to fulfil (McPhail, 2002) as we see in the case of *GlobalCo*.

Findings from BPO employees surveyed in India reported salaries were substantially higher for employees working in in-house captives than in third party providers (Messenger and Ghosheh, 2010). *CaptiveCo*, distinctively positioned as an in-house provider of a global bank, could provide benefits and facilities, and a market competitive rewards package from which FLEs derived a sense of well-being. These partially moderated the negative experiences (pressure from constant firefighting, anxiety and fear arising from flawed performance management system and politics) affecting *CaptiveCo* FLEs' well-being. Coupled with FLEs' increased sense of ownership at work and perceived sense of doing high value core work requiring use of complex technology and project management skills, *CaptiveCo* FLEs found themselves in a comparatively better off position than FLEs of *IndianCo* and *GlobalCo*. Empirical support is thus given to the supposition that variation in the specific servicing chain arrangements (offshore-outsourcing to Indian BPO supplier, offshore-outsourcing to global supplier and in-house offshoring) does have consequences for employees' experiences of work.

Overall findings support observations made in the relevant literature. Guest (2016) asserts that "employees are generally viewed as a means to the end of higher performance and their well-being is a minor concern at best" (p. 6). It is also argued that even approaches to HRM such as high-involvement (Boxall and Macky, 2009) or high-commitment HRM that claim to give greater importance to employee interests do not specifically address well-being. HRM in organisations is more associated or linked to higher performance (see, for example, Combs *et al.*, 2006, Jiang *et al.*, 2012) and employee well-being is never a primary goal in this agenda (Guest, 2016).

10.8 Professional Identity (PI)

10.8.1 PI in Indian BPO

As the Indian BPO industry emerged, manifold attempts were made to characterise the nature of work and the experiences, perceptions and identities of workers. Much of the time these characterisations related to call centre or voice work, so Remesh (2004) termed them as ‘cyber coolies’, Taylor and Bain (2005) depicted them as performing an intense variant of mass production interactive service work, Mirchandani (2012) as undertaking ‘authenticity’ work and Poster (2007) depicted them as engaging in “national identity management” that involved “forging of multiple, internally differentiated ethnic identities” (p.271). Of the many representations, that of Noronha and D’Cruz (2009) was one of the most striking. As discussed in Chapter 4 they proposed that workers were defined by the notion of Professional Identity (PI) which is inculcated in them by employers as a means of ensuring employee commitment to the realization of organisational goals. Based on their claims to have investigated the lived experiences of call centre agents (workers) and perspectives from managers, these authors emphasized how employee identity is defined by the notion of professionalism derived from material reward and artefacts, and organisational processes such as induction training, on-going socialization, performance evaluation mechanisms, and other elements of organisational design. They stressed that the “notion of professionalism embraced agents’ identity” and enhanced their self-esteem and made them absorb job related strain and organisational demands. Accordingly, it is to be believed that employer organisations were successful in inculcating professional identity among the agents who internalized it, thereby highlighting the efficacy of this form of “socio-ideological control” in gaining employee commitment to organizational goals. Employees thus would often deny problematic elements in their workplaces, and identify themselves with the management that their working environments and conditions met their needs and (Noronha and D’Cruz, 2009). Noronha and D’Cruz’s (2009) emphasis on the discourse of professionalism in Indian call centres is based on an account of how employees work in modern facilities, have professional appellations (e.g. customer care executive), attractive pay, performance incentives, promotion possibilities, company-organised fun activities and informal work relationships from which they derive a

satisfaction and well-being, sufficiently strong as to offset the demands of the job. These constituent elements of PI in Indian BPO relate to the pre-crisis conditions of work and employment in the sector.

Employee experiences of work and employment in Indian BPO post crisis compels us to revisit the appropriateness of the concept of PI. In general, findings discussed in Chapters 6, 7, and 8 reveal that working conditions and rules around people management as a consequence of adopting post crisis recovery strategies increased anxiety and job insecurity, reduced FLEs “sense of personal value” which had the effect of undermining to a considerable extent their sense of professional identity. Employee testimonies reveal a sense of dispossession. Given that “professional identity is not a stable entity; it is complex, personal, and shaped by contextual factors” (Clarke *et al.*, 2013, p. 8), to what extent did the concept have validity in the pre-crisis years and, insofar as it did, to what extent has the construction retained validity in the post-crisis period?

10.8.2 Profession and professional identity construction

Evetts (2014) points out the growing interest in the ideas of professionalism, professional and profession and their increased use in varied work contexts. The growing interest can be ascribed to the important role that researchers claim that professional identity plays in shaping both psychological and behavioural processes in the workplace (e.g. Leavitt *et al.*, 2012; Dutton *et al.*, 2010; Bunderson, 2001; Arthur *et al.*, 1989). PI is not only used as a device by individuals to claim meaning and purpose, but also effects psychological well-being (Tajfel and Turner, 1979). Professional identity, when present has an impact on the profession. Frankland (2010) claimed that a solid professional identity results in increased confidence in self and profession and an “acquisition of cultural and social capital”, which results in feelings of being valued. Valued role identities have been theorized to protect individuals from depression and anxiety (Thoits, 1983). PI shapes work attitudes, affect and behaviour (Siebert and Siebert, 2005) and has been shown to have positive performance outcomes (e.g. Arthur *et al.*, 1989).

The characterization of Indian agents as possessing professional identity emerged with the globalization of business services and increased offshoring to India that resulted in young Indian graduates becoming integrated into the new international division of labour as skilled low-cost labour. Here it is important to assess the extent to which the nature of Indian agents' work attests to the academic conceptualization of 'profession'. The term 'profession' has positive connotation with individuals identifying with a professional role, possessing unique knowledge and skills and advanced training that allows them to provide an important service to the society (Larson, 1977; Wallace, 1995). In the past, once an individual completed and attained the training, certifications and credentials of a professional occupation and, internalized the profession's values and norms, he/she would be considered a professional (Wilensky, 1964). Freidson's (1994) analysis of professional work emphasizes high levels of autonomy and discretion over work objectives and work methods and, according to Klegon (1978), professional work grants power and prestige to its practitioners. It ensures that genuine professionals display self-motivation as they are largely driven by the intrinsic satisfaction that their work provides. He argued that because professionalism is based on specialized knowledge, it is distinct from either bureaucratic or market-based forms of work. In these respects, call centre jobs that Indian agents perform do not fulfill the requisites of a profession. Noronha and D'Cruz (2009) acknowledged that the job did not require specialized knowledge and skills acquired through prolonged education and experience (Kornhauser, 1962), did not enhance the status of employees or granted them autonomy and discretion.

Recently, there has been a prolific debate on professionalism, as the criteria for including diverse occupations as professional have become less stringent and more expansive, with one line of argument insisting that the occupation need only be skill- or education-based (Benveniste, 1987; Ibarra, 1999). The increasing complexity and plurality of professional work roles has led to the term "profession" being used to describe how individuals carry out their work using sets of knowledge and skills rather than the specific kind of work they do (Marks and Scholarios, 2007; Caza and Creary, 2016). Researchers claim that the nature of professions has changed and the boundaries demarcating professions have blurred (Sliter and Boyd, 2014; Caza and

Creary, 2016). They argue that the construction of professional identity has changed accordingly.

Noronha and D’Cruz (2009) emphasize that professional identity in Indian call centre agents is invoked or constructed by employer organizations as a means of gaining employee commitment to the realization of organizational goals. It is argued that the “disciplinary logic of professionalism” has expanded from the governance of conduct within particular professions to the regulation of employee behaviour in post-industrial organizations (Fournier, 1999; Evetts, 2003). These scholars noted that by instilling ‘professional like’ norms and work ethics, organizations governed not just productive behaviour but more fundamentally employees’ subjectivities (Fournier, 1999, p. 293). Along similar lines, Noronha and D’Cruz’s (2009) application of the discourses of professionalism to Indian call centres stresses the importance of cultural and normative forms of control that are intended to foster strong identities with employing organizations and thereby gain agents’ compliance with and commitment to the realization of the organizations agenda. Despite the use of such strategies by employers in shaping employee identities, large numbers of agents moving to other organizations in instrumental pursuit of better pay is documented (Batt *et al.*, 2009; Budhwar *et al.*, 2006a; b; Thite and Russell, 2010a; b; Sengupta and Gupta, 2011; Das *et al.*, 2013) that suggest limited success with such strategies and weakens their strength as a tool of control (Russell, 2009).

10.8.3 Conceptual approaches to professional identity

Scholars have developed two approaches in their examinations of professional identity, firstly, professional identification and, secondly, professional identity construction (Chapter 4). The professional identity literature assumes that individuals vary in terms of their strength of attachment to their profession vis-a-vis their self-concept. So professions use effective socialization tactics to develop strong professional identity among individuals. The professional identity construction literature, however, examines how individuals construct a subjective perception of themselves in their professional role. It assumes that individuals are rarely passive recipients of the identification process, and socialization tactics do not guarantee

individuals' uniform conformity to the process of developing attachment to their profession. Instead, individuals engage in negotiated adaptations to their professional environment (Schein, 1978; Nicholson, 1984; Ashford and Taylor, 1990). This identity construction approach bestows on individuals a more "agentic role" (p. 11) in the identity formation process (Caza and Creary, 2016). Workplace studies have found that individuals 'act out' their roles (Collinson, 2003; Marks and Mahoney, 2013), maintaining a sceptical distance between their 'front stage' and 'back stage' selves (Goffman, 1963) meaning their acted out identity is different from their believed-in identities or individual values and beliefs. In acting out, they conform to the display rules of the job or are involved in 'surface acting' (Hochschild, 1983) to keep with requirements of the job and are not driven by the innate need to help the customer or the organization (Ashforth and Humphrey, 1993). The findings from this study provide evidence of employees engaged in 'surface acting' and their acted out identity being different from their individual values and beliefs; reflected in testimonies such as "*I hate what this job has made me become*" (GFLE2).

In Noronha and D'Cruz's characterization of professional identity among Indian BPO workers, the "agentic role" of the workers is undermined by depicting them as passive recipients of the organisational processes used by BPO companies (organizational agents) to inculcate professional identity among workers. In assuming BPO workers to be passive recipients of organisational socialization tactics, the authors inadvertently highlight the efficacy of cultural normative controls and organisational agents' (employer organisations') role in promoting workers' professional identification. The specific cognitive and behavioural tactics (Burke, 2006; Stryker and Burke, 2000) that individuals engage in to form a professional identity is thus not acknowledged. Scholars have asserted that individuals play an active part in professional identity construction by 'doing, acting, and interacting' in the social context (Pratt, 2012, p. 26; Alvesson and Willmott, 2002; Burke, 2006) and 'others' in the social context play a more passive role (Caza and Creary, 2016) in the construction. Based on these arguments from the professional identity construction approach, the validity of Noronha and D'Cruz's characterization of Indian call centre agents having professional identity is contested.

10.8.4 Professional identity in the context of workplace bullying in Indian BPO

D’Cruz and Noronha (2015) report that Indian BPO employees experience various forms of bullying in the workplace namely personalized bullying (interpersonal and customer cyber bullying) and depersonalized bullying which, when experienced in tandem, they termed “compounded bullying”. Internal bullying as from superiors, peers and subordinates is termed as interpersonal bullying (D’Cruz and Rayner 2012) and bullying from external bullies, mainly abusive customers is termed as “customer cyber bullying” (D’Cruz and Noronha, 2015). Display of aggressive and intimidating behaviours by managers in the course of achieving organisational objectives is termed as “depersonalized bullying” (D’Cruz, 2015). According to the literature on workplace bullying, it is an escalating process in the course of which the person experiencing bullying over a period of time ends up in an inferior position becoming a victim of systematic negative social acts. In “depersonalized bullying” (D’Cruz, 2015) which is also termed organisational/institutionalized bullying (Einarsen *et al.*, 2011) the organisation is conceptualized as a bully in which employees are routinely subjugated to elements of organisational design in terms of contextual, structural and process related matters by supervisors or managers who resort to abusive, hostile behaviours in an impersonal way to achieve an organisational agenda. This results in suppression of employees and ensures their deference to organisational demands and expectations. Also, in examining customer abuse experienced by agents in India’s international facing call centres, D’Cruz and Noronha (2015) reported agents experiencing widespread personalised bullying (customer cyber bullying) in the form of race and gender linked bullying that evoked extreme distress, shock, anger, disgust and helplessness amongst the agents with some “being aghast at the degree of customer bullying” (p. 22). Since personalized bullying co-exists with de-personalized bullying, Indian agents are reported to be subjected to “compounded bullying”. Intense bullying in the absence of co-worker mobilisation and formal redressal mechanisms within the organisation against customer abuse (Chapter 4) highlights agents’ vulnerability which is exacerbated by the power that customers possess to influence call outcomes and thereby impact agents’ performance evaluation scores.

While bullying, it is conceded, has adverse impact on the agents, D’Cruz and Noronha (2015, p. 23) contradictorily maintain that at the same time agents handle

customer abuse professionally and ‘intrapsychically’ because of their organisationally inculcated professional identity. In deference to the client and the customer and in realisation of the significance of the customer for organisational success, agents, it is claimed, are able to cope with bullying and resist their desire to react and rectify situation. In this regard, D’Cruz and Noronha (2015) argue that agents’ own long term interest and the gains that they accrue in the form of good remuneration, designation, material artefacts, purchasing power, decent living, career prospects from “good employment” (p. 22) facilitate coping and prevent them from resisting. It can be argued that in the absence of formal redressal mechanisms to combat bullying and in recognition of the power that customers possess in influencing performance evaluation scores, agents have no alternative but to cope and comply with organisational demands even where they proved problematic. Thus, the argument that agents cope with intense bullying through organisationally inculcated professional identity can be challenged. An individual’s professional identity is derived from a profession that provides a “context of meaning within which a life is lived” (Collin and Young, 1992, p. 8) and from which individuals are able to claim purpose, value and meaning. Seen as a desirable self-description and linked to an individual’s sense of efficacy and self-esteem, professional identity is associated with valued role identities (Ervin and Stryker, 2001). In a work environment where management control mechanisms remain dominant, agents are compelled to cope with intense bullying from diverse sources, customers’ feedback is pivotal in deciding agents’ performance outcomes, and where agents have no access to any redressal mechanism, agents feel increasingly vulnerable. D’Cruz and Noronha’s utilization of the concept of PI is theoretically questionable, decoupled as it is from the widely accepted senses in which it is understood in the literature, deriving from positive work identity or a strong association with a valued profession (Dutton *et al.*, 2010).

10.8.5 Revisiting professional identity in the post crisis-context

The notion that professional identity can be inculcated by employer organisations and through agents internalizing it (Noronha and D’Cruz, 2009) is based on a professional identification approach - of organisations’/employers’ ability to

provide robust induction training, on-going socialization, fun activities in the workplace, performance evaluations, promotional opportunities (communicated through Internal IJPs), lucrative financial incentives and various allowances and facilities in a pre-crisis environment. According to Noronha and D’Cruz (2009) these inspired positive images of employer organisations and agents viewed these offerings as an “organisation’s commitment to employees’ well-being” (p. 103) and “organisation’s concerns for agents’ professional development and career growth” (p. 103). Since agents’ sense of self is tied to their material interests, D’Cruz and Noronha (2015, p. 16), argue that Indian BPO organisations relied on HCM practices to create professionalism and thereby regulate employee identity (Noronha and D’Cruz, 2009, p. 165). Managers in Noronha and D’Cruz’s (2009) study claimed that the rhetoric of professionalism enabled organisations to alter agents’ cognitions, emotions and behaviours, a line of argument which remains contested according to the professional identity construction perspective (Creary and Caza, 2016). Moreover, increased bullying (D’Cruz and Rayner, 2012) and the departure from high commitment management (D’Cruz and Noronha, 2011) raise significant questions concerning employers’ ability to sustain claims of inculcating professional identity.

In post-crisis working conditions, the case study organisations found it difficult to sustain the rhetoric of professionalism under pressures to increase efficiency and reduce costs. Increased client expectations and demands transformed employment conditions and work arrangements. Employees expressed widespread dissatisfaction with ever increasing targets, extended hours at work, reduced induction and training times, stringent and non-transparent performance evaluations, reduction/withdrawal of benefits and facilities, and reduced career advancement opportunities. Those very material elements to which employees’ sense of self were claimed to be tied and which were supposed to help them absorb the strains arising from the job, were found to be unsustainable. Drawing on the professional identification perspective, on which Noronha and D’Cruz (2009) base their argument, researchers have found that variations in work structures and working arrangements have greater potential to impact upon professional identification particularly in non-traditional new forms of work (not defined by norms and practices of traditional occupation - Marks *et al.*, 2002) where organisation is proposed as the core agent of

identity formation (e.g. Kunda 1992; Alvesson, 1995; 2001). BPO jobs fit the description of non-traditional new forms of work as they do not have the features ascribed to a typical profession, such as a code of ethics, single qualifying entry route and certification, a strong professional association, and “monopolisation” of a field of specialist knowledge (Alvesson, 2000).

Accepting that BPO jobs are non-traditional forms of work where organisation is the core agent of identity formation, then post crisis working conditions would inevitably impact on identity formation. Thus, organisations’ inability to sustain the management practices extant in pre-crisis conditions, including robust induction training, relatively generous remuneration and benefits, promotional opportunities, socialization and fun activities, altered FLEs perceptions of their jobs. Not only did organisations withdraw material benefits, but also eroded employees’ sense of personal value as profoundly evidenced in FLEs’ testimonies of feeling subjugated, demeaned and insecure. FLEs shared several aspects of their work life that suggests that the roles they act out in their organization are dictated by the need to keep up with the demands of the work post crisis. Instead of subscribing to the notion of professional identity, FLEs at work adopted ‘formal roles that organizational structures demand’ (Marks and Mahoney, 2013, p. 76) for the purpose of maintaining a more general ‘front’ to save their jobs and buy more time before they could plan out something better, more secure and meaningful and is closer to their individual beliefs and norms.

10.8.6 Professional Identity in the case study organisations and the influence of the business models

Interviews revealed a clear trend of weakening work and industry attachments. To the extent that there is any residual validity in PI, the evidence was quite limited and confined to one case study. *CaptiveCo*’s efforts to instill ‘professional like’ norms and behaviours befitting a ‘banker’ succeeded only partially in imparting a sense of professional identity. Almost all FLEs considered themselves to be an extension of the bank and its global brand. *CaptiveCo*, of all the three organisations, provided the greatest number of references to professionalism in which the experience of working for the captive was distinguished from that of third-party service providers.

Respondents reported undertaking complex tasks, working on high end technical projects that required superior skills and knowledge of modern softwares, interfacing with clients, possessing a sense of ownership and accountability, receiving market competitive rewards package and participating in mature employee engagement activities which contributed, to an extent, in shaping their perceptions. Marks *et al.* (2002) in their study of professional identity in software professionals found that those who undertook complex, cutting edge work and worked in elite projects possessed higher levels of professional identification and would accept the heavy workload and pressures associated with such assignments, characteristics shared by *CaptiveCo* FLEs who, despite admitting to the existence of high work intensification and extensification, rarely complained about them. This could also be attributed to the “entreplooyee” (Pongratz and Voß, 2003) work orientation where labour is enticed with the “promise of self-fulfilment, self-discipline, responsibility and flexibility” as has been argued by Bergvall-Kareborn and Howcroft (2013, p. 977) in their study of software developers. FLEs claimed professional identity, emphasizing the complexity of their work and how it added value to the global bank of which they were a part. This observation however, does not imply that they identified with the management and its agenda. Rumblings of discontent were evident in the interviews as FLEs recorded their dissatisfaction with the consequences of lean methods that were intensively implemented in the years following the crisis (Chapter 8).

At *GlobalCo* FLEs did admit to a limited sense of professional identity, which derived from working for “high profile clients”. Association with high profile clients (brands) and the lucrative incentives offered directly from the client organisations imparted some sense of value and esteem. Although they strongly identified with their clients, the need to constantly apologize to irate customers even when it was not the agents’ fault left the FLEs ‘quite drained’ or ‘demeaned’. Increasing numbers of difficult or hostile customers made “unreasonable demands”, asking agents/FLEs to bring down bill amount or offer discounts, acceding to which was beyond the agent’s discretion. Incessant calling for eight to nine hours with only three fifteen minutes breaks, involving often difficult and stressful conversations, navigating different identities, double monitoring, “strict documentation of performance on a daily basis”, and a “win-lose work culture” contributed to eroding FLEs’ self-esteem and personal

value. FLEs conveyed a strong sense of disenchantment. Frequently reported comments, such as “we are nothing but numbers”, “caught up in bad jobs”, and exclamations like “hate what the job has made me become”, provide evidence. Reinforcing this personal experience of disenchantment was a broader shift in the way that BPO employment was viewed by Indian society more generally. An earlier discourse that celebrated the status of these newly created jobs progressively gave way to a narrative that jobs in the sector were demanding, precarious and of low esteem. Nevertheless, association with high profile clients was a positive countervailing factor. It was in the interest of FLEs in *GlobalCo* to identify with the client who provided lucrative incentives and the brand name that FLEs used to describe the accounts (projects) they worked for. For the *GlobalCo* FLEs, professional identity was found to be what Marks and Scholarios (2007) concluded in their study of software professionals, a process of impression management and self-interest and a conscious decision making process, as FLEs navigated between their working conditions, nature of job and their material interests.

For *IndianCo* FLEs, the sense of professional identity was almost non-existent. The consequences of post crisis working conditions manifest in various ways such as intra-organisational disparity in status and recognition, a feeling of subjugation while working with IT employees, withdrawal of benefits and facilities, reduced promotional opportunities and monetary rewards, short duration impermanent contracts, non-transparent performance appraisal systems created a sense of detachment and disenchantment. FLEs were instrumental in temporarily aligning their interests with those of the organisation. They understood the insecurity associated with BPO work and modified their expectations accordingly. A majority viewed their current jobs as a stop gap arrangement before they could move to something better, whether a different sector, higher study or starting their own business.

10.8.7 Professional identity and the instrumentality of FLEs

Under managerial pressures to increase operational efficiency, FLEs in this study managed to maintain a more “general front” and impression at work (Marks and Mahoney, 2013). This finding should not however be mistaken for organisationally

cultivated professional identity. As other researchers (McKinkay and Taylor, 1996; Thompson and Ackroyd, 1995; Warhurst and Thompson, 1998; Alferoff and Knights, 2001; Thompson and McHugh, 2002) have pointed out, employees' compliance with organizational demands and practices is not an indication of their internalization of corporate cultural values. Workers exposed to cultural normative controls by management often 'act out' their roles (Collinson, 2003; Marks and Mahoney, 2013), maintaining a sceptical distance between their 'front stage' and 'back stage' selves (Goffman, 1963).

Drawing on the professional identity construction approach, as identities are continually being constructed and re-shaped through discourse between individuals (Bleakley, 2004), it is argued that the post-crisis conditions of work have compelled FLEs to engage in self-reflection and question their attitudes toward their jobs. Individuals engage in self-reflection when confronted with situations and experiences contrary to their expectations, and identity is reshaped as a result (Niemi, 1997). The evidence from FLEs' testimony supports this verdict. In networking and market style business arrangements, there is greater dependence of employees on employers to develop and maintain professionalism (Marks *et al.*, 2002) based on transactional arrangements, but when employers increasingly cannot "keep their side of the bargain" under "modern capitalism" (Thompson, 2003) the maintenance of professionalism becomes problematic if not impossible. Thus, it can be contested whether organisations are able to inculcate professional identity. FLEs temporarily align their interests in an instrumental manner with those of their organization conform to the new rules of the game however unfair they might seem. Thus, meaningful professional identity falls apart though instrumental transactionalism between employer and employee. Following Marks *et al.* (2002), professional identity is affected by the employing organization, working arrangements and employment relations, meaning that variations in them have the potential to shape the parameters, character and strength of professional identification.

To the extent that Noronha and D'Cruz's (2009) notion of professional identity amongst employees in Indian BPO possessed any validity in pre-crisis conditions, the evidence of FLEs' post-crisis work experiences and perceptions surely renders such a characterization entirely invalid. Thus, if there was any value in the

notion of PI then it was historically contingent, transient, unstable and unsustainable. Moreover, it seems inappropriate to treat BPO operations in an undifferentiated manner. Differences in organisational type, ownership structures, relationship with clients, and workflow complexity are all important variables that impact on the sustainability of the concept of PI. Also, high rates of attrition post-recession as market conditions improved, challenge employees' sense of attachment to their jobs and their instrumental behaviour (highlighting their "agentic" role). In sum, professional identity is not a stable entity. Rather, it is complex, personal, contingent and shaped by contextual factors and, further, is complicated conceptually by competing definitions as observed by scholars examining its utility in other sectors (Clarke *et al.*, 2013; Rhoades, 2007). PI has been viewed (Beijaard *et al.*, 2004; Day, 1999) as an ongoing process of interpretation and reinterpretation of experiences. Acknowledging that empirical inquiry into the professional identity of Indian BPO workers is at a nascent stage; this study represents the first attempts to subject it to critical analysis across the gamut of different BPO organizational types and in the changed post-crisis conditions. The study, thus, enhances our understanding of the concept of PI in the transnational context of the shifting dynamics of work and employment.

10.9 Conclusion

This chapter has sought to answer the central questions of the thesis and establish its distinctive contribution to knowledge, both conceptually and empirically. Given the lacuna of published work on post-crisis Indian BPO, this research cuts new ground in that it examines work and employment in the post-crisis political economy of BPO and examines the dynamics of work and employment across capital's three contrasting servicing chain relationships (Indian third-party, global third-party provider and in-house operation) that span the spectrum of offshoring, using GVC-GPN (Global Value Chains-Global Production Networks) frameworks.

Given the temporal conjuncture of the emergence and development of Indian BPO, it is surprising that minimal academic attention has been paid to understanding post-crisis BPO conditions (*pace* Noronha *et al.*, 2016; Taylor *et al.*, 2014). The existing literature is limited in terms of its consideration of HRM, employment, work

organisation and working conditions in Indian BPO. Early research was preoccupied with call centres and then in terms of the politics of culture and identity as experienced by Indian telephone agents when interacting with western customers (e.g. Cohen and El-Sawad, 2007; Mirchandani, 2004; Poster, 2007). The cultural paradoxes implicated in the navigation of customer encounters have been recently amplified by Rowe *et al.* (2014), Nath (2011), Murphy (2012), Mirchandani (2012) and Vaidynathan (2012). Literature relating to work organization, management control, working conditions and employee experiences and perceptions (e.g. Noronha and D’Cruz, 2009; Taylor and Bain, 2005, Taylor, 2014; Thite and Russell, 2010) and the impromptu nature of early HRM practices (e.g. Budhwar *et al.*, 2006) also focusing primarily on call centres does not contribute fully to the understanding of the ‘service chain’ and the political-economic, firm-level, organisational and technological elements that underpin and shape agent-customer interaction. The thesis addresses these areas by studying both call centres and non-voice customer interactive service work and more so in respect of the political-economy of transnational servicing and the structure of global chains. It reinforces the conclusion that if Indian BPO is to be understood, it is essential to grasp the ways in which it is embedded within the transnational flows of capital, technology and knowledge, within global value chains and global production networks (Lakhani *et al.*, 2013) and the contingency and timing of this embeddedness.

Most significantly, the study identified common tendencies within the post-crisis environment but differentially experienced according to the organisation type. A relevant distinction between offshoring and outsourcing (Gereffi and Fernandez-Stark, 2010) is that, offshoring involves delivery beyond national boundaries which allow for diverse inter-firm arrangements and delivery modes, ranging from complete ownership and control to third-party provision. At the empirical core of this thesis, then, and resonating with this schema are three contrasting cases of offshoring, two involving third-party outsourcing – an Indian company (*IndianCo*) and a global service provider (*GlobalCo*) - and an in-house captive relationship (*CaptiveCo*). Utilising this framework produces a fine-grained analysis of work and employment in the Indian BPO sector what is now an extended post-crisis period but one in which the shadow of recession in the developed economies has loomed large.

The examination of work and employment in the Indian BPO post crisis is informed by insights from the GVC literature (Gibbon *et al.*, 2008), seeking to develop our understanding of how these GVCs constitute the integrative counterpart to the geographical dispersion of services and reconfigured processes. The theoretical lens of GVC (Newsome *et al.*, 2015; Bair, 2008) helps us to a) understand the linkages between lead firm and delivery and b) identify the patterns based on the relationship, governance type, market situation and competitive environment, nature of contract, types of contractual agreement, HRM policy and practice (e.g. PM) and ultimately worker experience. This distinctive contribution is made explicit through the contrasting case studies based on comparative methods. Thus, adopting the framework of GVC (Gereffi *et al.*, 2005; Cumbers *et al.*, 2008; Ponte and Sturgeon, 2008; Cumbers, 2015; Coe, 2015; Heidinger and Flecker, 2015; Coe, 2015) provides an invaluable device to help situate BPO work and workers within international divisions of labour. Thus, the more parsimonious GVC perspective is extended, as the inter-firm linkages are embedded within the logics and shifts of global political economy (Palpacuer, 2008; Werner and Bair, 2011; Taylor *et al.*, 2015). The articulation of cost-cutting between lead firm or corporate centre and Indian servicing sites is evidenced in work intensification, increased targets and performance management. Also, job insecurity, issues of well-being and professional identity outcomes evident in the three cases provide a telling illustration of why labour should be ‘enrolled’ (Coe and Hess, 2013, p. 5) into GVCs and GPNs.

The empirical inquiry has revealed additional evidence that contributes significantly to our conceptual understanding. The notion of Professional Identity (PI) and its designation to BPO work has always been a beguiling sub-plot in the literature. This formulation, identified with the work of Noronha and D’Cruz, was always a contradictory construction in which the cultural and normative controls are melded with direct controls, and developmental HRM co-exists with more directive and top-down methods and practices. What this thesis does, based upon theoretical critique is to expose these contradictions and, through a substantial body of evidence, challenging the sustainability of PI in post-crisis conditions.

A final observation concerns the significance of the relatively modest rates of employment growth since 2010 (Table 4.1, Chapter 4). It is suggested that the numbers

employed do not represent the full extent of the expanded volumes of business, given industry-wide praxis of ‘doing more with less’, that is strongly evidenced in this study by the three interview cohorts – senior management, middle management and FLEs. Gereffi and Fernandez-Stark (2010) suggested that impact of recession would see conflict between a ‘demand effect’ and a ‘substitution effect’. Without neglecting the importance of historical contingency, it would seem that the latter, increased demand through the imperative of relocation to India as a cheaper destination has triumphed over the former, potentially reduced demand as a result of crisis.

Chapter 11 Conclusion

11.1 Introduction

This study has been informed by the understanding that national-centric models of employment relations theories that focus on individual firms and their embeddedness in distinct national institutional contexts, notably Varieties of Capitalism (Hall and Soskice, 2001; Dicken, 2017) may be insufficient to provide analytical purchase in a globalized era in which production and services are increasingly coordinated across countries and between firms. Building on capitalist Labour Process Theory (LPT) and integrating Global Value Chain Theory (GVC), this thesis analysed developments, processes and outcomes of work and employment in the Indian Business Process Outsourcing industry in a specific historical period, the recessionary years following 2007-8 financial crisis. Consequently, the thesis has evaluated the nature and characteristics of inter-firm coordination, dominance and governance and their effects across three contrasting servicing chain relationships in the Indian BPO industry. This inquiry, informed by critical realist conceptions of layered ontology, encourages further research to develop accounts of the “potential causal powers of new structures and their varied effects in differentially embedded workplaces” (Thompson and Vincent, 2010, p. 57), since labour processes are constantly evolving in this dynamic situation in which new ways of organizing production at firm and workplace levels reflect and respond to broader changes at the macro level of political economy. The resulting inter-firm and intra-firm arrangements and relationships in the global services value chain have significant implications for work and employment. In this regard, if LPT is considered as a “theory building project” (Thompson and O’Doherty, 2009), this study, in responding to this need, has presented new empirical evidence that contributes to widening the theoretical landscape of work and employment studies. It not only has examined dynamic linkages between political economy and labour process, but has integrated salient aspects of GVC (Global Value Chains) and GPN (Global Production Chains) frameworks (Gereffi *et al.*, 2005; Ponte and Sturgeon, 2014; Abdulsamad *et al.*, 2015, Taylor *et al.*, 2015) to establish how global servicing supply chains are constructed in the

process of complex, integrated and constantly evolving transnational divisions of labour in business processes offshoring. Thus, this thesis acknowledges Thompson and Vincent's (2010) identification of the "multilayered causal interrelationships which exist across capitalism" and the complexity they bring, and of the need to use different theoretical resources in order to understand the labour process in concrete situations.

11.2 Employing GVC Concepts in Study of Indian BPO

Employing GVC and GPN concepts, particularly in its analysis of the contrasting inter-firm modalities is a significant contribution this thesis makes in understanding work and employment in the global business services industry. This inquiry responds also to Rainnie *et al.*'s (2008) injunction and Taylor's (2010b) attempt to apply GCC, GVC and GPN theorizing to call centre research. What GVC does (Coe, 2015; Taylor 2015) is provide novel insights to understand inter alia; inter-firm types, inter-firm power asymmetries, the exposure of workers more directly to market pressures, the effects of cost reduction across the chains, and tighter re-calibrated forms of governance. Underpinning the global production, circulation and consumption of goods and services are the configurations of inter-, intra- and extra-firm networks (Gereffi *et al.*, 2005; Humphrey and Schmitz, 2004; Sturgeon, 2009). Mapping and describing these "multi-scalar" configurations has provided for this inquiry a theoretical resource and framework for analyzing the global production systems in which capital and labour in Indian BPO have been assembled at a particular historical conjuncture (Newsome *et al.*, 2015).

Notions of power and governance from GVC/GPN analysis are also used to frame an understanding of the differing extents to which lead firms exercise power over suppliers (market, hierarchical, modular and captive) in the relationships of dependence that they establish. This thesis provides new evidence and novel insight into the operation of "reciprocal relations" between lead and so-called dependent supplier within GVCs/GPNs which are simultaneously "systems of contest and struggle" (Coe, 2015, p. 180). Theorising in this manner contributes to acknowledging the important ways in which global market conditions as transmitted through GVC/GPN structures (Coe, 2015) impact on work and employment conditions.

However, this thesis takes further Taylor's (2015) argument that network theorizing assists concrete analysis by focusing on the multiple factors that surround a firm's transnational activity, including institutional, social, political, socio-economic and regulatory factors, and their significance in understanding the development of India as an attractive remote location for offshoring services. However, he argues that it was India's promise of significant cost advantage, particularly labour cost arbitrage (of 70-80 per cent), that drove firms in Global North to offshore interactive service work to India and such "financial essentialism" is often neglected or understated in GVC's concentration on governance and immediate links in the chain (p. 277).

11.3 Post-crisis Indian BPO and "financial essentialism"

Scholarly research on Indian BPO has been preoccupied with call centres at the expense of non-voice customer interactive service work (*pace* Howcroft and Richardson, 2012, Edvardson and Durst, 2014; Pereira and Anderson, 2013; Noronha *et al.*, 2016). However, the fact that the study of call centres has underwritten the growth of the ITeS-BPO sector in India cannot be repudiated and studies in Indian BPO needs to be grounded in the global realities discussed in the call centre research on the nature of work, working conditions, management control, HRM practices, and the politics of culture and identity. Following Taylor's (2010a;b; 2015) emphasis on the significance of the political economy of transnational servicing, and the dynamics of transnational servicing chains, it became essential to understand the mechanisms by which lead firms relocated voice services to India and then exercised control over their delivery. In turn, these decisions and processes of relocation had profound implications for remote BPO supplier organisations in how they organized call centre service delivery to meet client specified quality standards and quantitative requirements at minimum cost. So far, the labor arbitrage led value proposition in Indian BPO had resulted in sustained high-growth rates. However, declining growth rates following the 2008 crash, and then modest recovery in the period after 2011 called for renewed scrutiny of the changed conditions of post-crisis Indian BPO. Reduced cost differentials over time in contexts of rising labour cost and tight labour market shrank India's growth rates in voice services as lead firms relocated voice services to

emerging low cost destinations. *IndianCo*'s attempts to relocate its call centre operations to Philippines provide evidence.

The empirical evidence presented from the three case studies makes a novel contribution for it provides the first major attempt to investigate the changed realities of the global business servicing chains and of HRM, work and employment in the Indian BPO in the post-crisis, recessionary period. Empirically and conceptually, it takes us further than Taylor *et al.*'s (2014) provisional, exploratory study. This thesis importantly establishes how the changing needs of end-customers, compelled the lead firms offshoring work to demand broader portfolios of 'offerings', innovative services and more value for money. In this regard, the third-party service organisations provided compelling evidence of a re-alignment in substance and detail, contractual arrangements and effects between themselves and lead firms. An original finding is of increased "financial essentialism" in offshored interactive service work, evidenced in shift in focus from providing labour cost arbitrage to the requirement to impact on clients' business metrics such as incremental revenue growth and reduction of working capital. Consequently, service providers needed new sources of competitive differentiation and margin levers paving the way for evolving pricing models, adapting to client needs as evidenced by developments in *IndianCo* and *GlobalCo*. These service providers, particularly *IndianCo*, came to promise outcomes with a reasonable level of risk and upfront investment in client businesses. This thesis then develops Goel and Roy (2015)'s contention that lead firms desire to scale up rapidly without initial investment, the service provider assumes a high measure of risk and upfront investment. This thesis predicts that the adoption of newer pricing models is important for the industry's future operation as price competition remains unrelenting. The effects of transition to these models are reflected in governance, control and cost being subjected to microscopic scrutiny and accountability as each link in the servicing supply chain become tightened driven by the imperative of removing unnecessary costs, mainly of unutilized labour, as abundantly evidenced from *IndianCo* and *GlobalCo*.

11.4 Non-Price Factors, Efficiency Arbitrage and Work Intensification

As price and cost in both traditional and novel ways beyond labour arbitrage come to exercise a more significant and expanded diverse influence on third party providers - *IndianCo* and *GlobalCo* - non-price factors including quality, speed and flexibility to clients' changing needs simultaneously became essential as they seek to compete in the changing global offshoring market. The thesis has demonstrated how their pursuit of higher-end transformational contracts, whether from new or existing clients, has come to depend on the ability (promised by both actors) to ensure speed of delivery, technology-led offerings, scalability and the assumption of increased risk. Consequently, inter-firm co-ordination now depends to a greater extent on suppliers' proven competency to deliver business processes in this more challenging market, a measure of the maturity of their BPO business model. In this regard, nuanced differences, however marginal, such as *GlobalCo's* ability to leverage a global customer portfolio, which made for a more stable or, more accurately, less volatile client base, than that for *IndianCo*, impinge on respective SLA-structured supply chains in different ways and have differential impacts on workers' experiences.

In promising and delivering *efficiency* arbitrage, the thesis attests to the significance of business domain knowledge and analytical skills. The requirement for domain knowledge, it is demonstrated above, has been essential for securing transformational, higher value contracts and for providing efficiency arbitrage. Maximizing performance and achieving critical success in all the three case study organizations depended greatly on their respective employees acquiring domain knowledge and anticipating client demands. In such a "market-driven development", Fernandez-Stark *et al.*, (2011, p.1) argue that acquiring capabilities to provide better services, expanding the number of services, and/or offering higher value added services require significant investments in workforce training. Yet, with clients' increasing need for speed of delivery, and the resulting impact at the servicing node of the supply chain to reduce time to competence coupled with intense cost control creates a challenging paradox, which this thesis innovatively identifies. The outcome of reduction in training time and greater onus placed on employees to complete training during in their own, personal time contributes further to the intensification of work.

11.5 The Strategy of Operational Excellence

In the ceaseless drive to constantly improve levels of efficiency and reach beyond SLAs, the strategy of ‘operational excellence’ dominated management practice in all case study organisations. The post-crisis mantra of ‘going beyond’ SLAs translated into “lean transformation” and “process re-engineering”. The implementation of Lean methodologies, standardization and technology-based solutions precipitated excessive pressure that percolated down through the organisations. Although *CaptiveCo* did not have external clients impelling the same delivery-time, cost-minimisation and tight SLA pressure that dominated at *GlobalCo* and *IndianCo*, ‘lean and mean’ was nevertheless prioritised with a similar rigour. The inseparable accompaniments to these practices are the ‘resource crunch’ of reduced staffing and HRM policy and practices subordinated to Lean methodologies as evidenced in the three organisations. In *IndianCo* and *GlobalCo*, the newly adopted transaction-based pricing models have exposed workers much more directly to market pressures, by eliminating buffers of ‘spare human capital’. An obsession with metrics linked to appraisals, rankings, underperformance have come to dominate middle management practice. Sparrow *et al.*, (2015) note “lean management” as a strategic performance driver has gained renewed attention in the “post credit crunch world”. Their observation that “the conditions that spawned the birth of lean management - a shortage in both capital and resources in Japan after the Second World War - have become features once more in the new context of an ‘age of austerity’” (p. 86) is wholly apposite for the original evidence which this thesis contains.

The most compelling evidence, though, relates to the experience of front-line employees (FLEs). Clearly, a remarkable intensification of work has become manifest in excessive and often unachievable targets and extended working hours. As market-driven intensification (McGovern *et al.*, 2007) impacted workers in the outsourced centres of *IndianCo* and *GlobalCo*, the parallel process at *CaptiveCo* was what one FLE (C-FLE12) described as ‘urgency superseding importance and the stringent implementation of internally-generated targets’.

This study demonstrates emphatically that what might have appeared to be temporary exigencies necessitated by the shock of the 2008 financial crisis have

become enduring features of Indian BPO/M²⁸ work despite a growth in the volume of business. This thesis, then, challenges to the tenability of the assumptions made by Cattaneo *et al.* (2010) that the immediate post-crisis trend in Indian BPO of reduced wages, cutting new hires, minimized expenditure and internal costs was temporary and that with improved economic conditions companies would restore better remuneration and reward and would improve conditions. HR practices implemented in Indian call centres had been assessed as highly innovative, professional, structured and world class (Budhwar *et al.*, 2009b; Thite and Russell, 2009) implying convergence with western ‘best practices’ (Pfeffer, 1998) approaches which had nevertheless been criticized for “unitarist underpinnings” (Marchington and Grugulis, 2011). The findings of this study emphasise the importance of situating an evaluation of HRM practices in the global realities of the political economy that powerfully shape if not completely determine the Indian BPO industry. It is distinctively argued that firms’ and employers’ external contexts and their internal labour processes interact and variously impact labour utilization and HRM policies and practices. Hence, scope remains for future studies of Indian BPO for further investigation of the extent to which the ensemble of HRM practices varies between different BPO business models and the ways in which employees may differentially experience these practices.

11.6 GVC/GPN Forces and Political Economy

The financial crisis of 2008 has been identified as the “systemic crisis of financialised capitalism that originated largely outside the industrial circuit of capital” (p. 57) but had profound effects for labour processes differentially embedded in varied workplaces (Thompson and Vincent, 2010). The fact that the shock of the 2008 economic crisis or recession was transmitted very rapidly to the BPO organisations in India establishes the importance of understanding the interconnections involved in the transnational BPO value chain and how the inter-firm linkages are embedded within the logics and shifts of global political economy (Palpacuer, 2008; Werner and Bair, 2011; Taylor *et al.*, 2015). The study distinctively reveals that the effects of GVC/GPN

²⁸ Current industry parlance designates BPO as BPM (Business Process Management)

forces and strategies post-crisis manifested in different ways in the three case study organisations. Findings demonstrate the post-crisis recessionary pressures on business strategy and employee experiences of work and employment resulting from these organizations' respective positioning within global service supply chains during the period 2012-15.

In terms of GVC's concentration on governance and the importance of the immediate links in the offshoring chain, based on contracts between clients and service providers, is a transactional one where governance of inter-firm relationships is based on transaction cost economics (TCE) (van der Meer-Kooistra and Vosselman, 2006). Greenberg *et al.* (2008), examining this relationship in the context of BPO, argue that this relationship is fraught with uncertainties and complexities since all contingencies concerning the transactional relationship cannot be foreseen and included in a contract. This study uniquely evidences the compulsion for the case study organisations, particularly *IndianCo* and *GlobalCo*, to go "beyond SLAs" and to swiftly and sensitively accommodate clients' changing needs. In BPO, these volatile market conditions mean that a complete contract with specifically detailed conditions cannot be prescribed. In contrast, the need for governance structures and control systems, facilitated by relational exchanges and trust, are essential aspects of BPO relationships. "Financial essentialism" (Taylor, 2015) and economic fundamentals regulating a BPO offshoring relationship, however, remain strong. Williamson (1993) had argued that 'trust' cannot readily fit in the realm of economic transactions. However, a group of scholars (Zaheer and Venkatraman, 1995; van der Meer-Kooistra and Vosselman, 2000; Greenber *et al.*, 2008) see trust, a sociological factor, as complementary to economic factors in the governance of exchange relationships. In this important respect, this thesis brings forth some nuanced differences reflected in the heuristic distinction between 'relational form of governance' (Gereffi, 2005), as represented by *GlobalCo*, *CaptiveCo* and the more 'market' form (Gereffi, 2005) of *IndianCo*, mostly in terms of their strategic intention and aspiration. Future studies might investigate the extent to which trust emerges as determinant of governance in inter-firm relationships in BPO business models and to what extent and the ways in which this emerging priority will affect how work is organized at the service providing node and the effects for employees.

Sturgeon (2013) states that “Economic globalization is a dynamic, long-term historical process that ebbs and flows, waxes and wanes, and changes its character and extent over time, all with profound effects on countries in the trading system” (p.i). This observation supports the understanding that complex patterns of economic globalization develop and increase the potential for the geographical fragmentation of work with cross-border linkages becoming more dynamic, flexible and complex. “New, previously unimagined business models” arise to “leverage and arbitrage globally ‘distributed’ capabilities, labor markets, regulatory regimes, and market” (p. 4). In this regard, future studies might focus on new BPO business models that arise and consider how labour processes are affected by external conditions, including any interactions between structured mechanisms beyond the labour process and provide explanations of the features of emergent labour process. Such studies might provide further empirical evidence to address and resolve what Thompson and Vincent (2010) acknowledge “long standing issues about the scope and character of LPT, particularly those associated with the idea of a ‘core’ theory” (p. 47).

11.7 Final Comment

Due to ever-changing regulations, political situations, changing markets and business needs, many industries are in constant flux. Trade and production or service patterns continue to change as companies seek optimal levels of fragmentation. The business process outsourcing (BPO) industry is no exception. Thite and Russell (2009) stated that studying Indian BPO means “chasing a moving target”, limiting the contextual applicability of any critical analysis to a particular time period, location, size and type of BPO business model. Analysis is historically contingent. The BPO business landscape in terms of service offerings, information and communication technologies, competitive strategies and synergies is constantly shifting. Thus, the effects of GPNs forces and strategies will manifest in different ways as is evidenced in the three case study organisations studied. New ways of organizing BPO service chains and relations with clients in the value chain in the wake changing global political and economic situations will have new implications for work and employment, throwing new challenges to researchers trying to understand the industry.

Against this backdrop, the results of this research only claims to provide an understanding of post-crisis work and employment situation in the specific historical conjuncture of the industry's so called recovery after 2011, particularly from 2012 to 2015. This study is a rigorous, comparative case study that has provided compelling evidence of work and employment in the Indian BPO in a key stage of its development and while not longitudinal, it has identified significant emerging trends in inter-firm relationships, the global service supply chain, governance, business strategy, labour utilization, HRM, the labour process and experience of work, which are inevitably subject to change, perhaps through automation and its effects, which should be the focus of an important future study.

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APPENDIX 1

Table A1.1: Senior Management Profile in *IndianCo*, *GlobalCo* and *CaptiveCo****IndianCo***

Designation	Gender/ Age	Years in <i>IndianCo</i>	Years of Experience – BPO	Experience Before BPO/Years	Work related Internationa l Exposure	Education
I-SM1	M/53	8	8	Manufacturing, IT and Pharmaceutical / 20	Yes	B.Com, PG Diploma in PM and IR
I-SM2	M/45	12	12	Glass Manufacturing, Automobile/ 8	Yes	BE, Mechanical Engineering, PG Diploma – Lean and Six Sigma
I-SM3	M/50	8	16	Sales, Business Operations and Training/ 2	Yes	B.Sc, PG Diploma in Sales and Marketing
I-SM4	M/43	10	15	Information Technology/ 3	Yes	B.Tech (Computers)
I-SM6	M/47	4	8	Information Technology/ 11	Yes	B.Tech, PGDBM (IIM Lucknow)
I-SM7	M/49	9	9	Manufacturing/ 15	Yes	B.E, Instrumentatio n

GlobalCo

Designation	Gender/ Age	Years in <i>GlobalCo</i>	Years of Experience – BPO	Experience Before BPO/Years	Work related Internation al Exposure	Education
G-SM1	M/47	9	9	Independent Consultant/ 10	Yes	B.Tech (Mechanical), MBA
G-SM2	M/46	11	12	Hospitality Sector/ 10	Yes	B.Com, PG Diploma in Hotel Management
G-SM3	M/40	9	10.5	Banking Sector/ 3	Yes	B.Sc, PGCPM (IIM Lucknow)
G-SM4	M/49	10	10	Manufacturing/ 10	Yes	B.Tech (IIT, Mumbai)
G-SM5	M/49	6.10	23	Sales/ 3	Yes	B.Com

CaptiveCo

Designation	Gender/ Age	Years in <i>CaptiveCo</i>	Years of Experience – BPO/Forei gn Banks	Experience Before BPO, Foreign Banks/Years	Work related Internation al Exposure	Education
C-SM1	M/43	5.8	19	N/A	Yes	Masters, Applied Finance

C-SM2	M/47	6	15	Banking/ 5	Yes	M.Sc (Physics), MBA (Finance)
C-SM3	M/50	2.1	18.3	Consultancy/ 4	Yes	B.Sc (Physics), PG Diploma in Finance and Mktg.
C-SM4	M/39	1	12	Computer Training/ 3	Yes	B.E (Computer)
C-SM5	M/49	4	15	Accounting Firm/ 10	Yes	M.Com, PG Diploma in Finance and Accounting
C-SM6	M/45	6.3	17	Owned Business/ 4	Yes	B.Com, MBA (Finance)
C-SM7	M/48	5.7	15	IT/ 5	Yes	B.Tech, MBA (Finance)

Table A1.2: Middle Management Profile in *IndianCo*, *GlobalCo* and *CaptiveCo*

IndianCo

Designation	Gender /Age	Years in <i>IndianCo</i>	Years of Experience – BPO	Experience Before BPO/Years	Work related International Exposure	Education
I-MM1	M/47	4	11	Plastics Manufacturing/ 5.6	Yes	B.Com, Chartered Accountant, IFRS (UK)
I-MM2	M/43	11.5	11.5	N/A	Yes	B.E. (Computer Engg), PG Diploma – International Mktg
I-MM3	M/33	10.5	10.5	N/A	Yes	MBA (Mktg)
I-MM4	M/32	9.5	11	N/A	No	B.Com (Accounting & Finance)
I-MM5	M/30	9.5	9.5	N/A	No	B.Com
I-MM6	F/28	4	7.4	Hotel Industry/ 0.8	No	Bachelor degree in Hotel Mgmt
I-MM7*	M/37	3*	14	N/A	Yes	BE (Electronics), MBA (Finance)

*Works for IndianCo's Parent IT Company

GlobalCo

Designation	Gender /Age	Years in <i>GlobalCo</i>	Years of Experience – BPO	Experience Before BPO/Years	Work related International Exposure	Education
G-MM1	M/38	8	15	N/A	Yes	B.Com, MBA (Mktg)

G-MM2	M/41	9	13	Manufacturing/ 5	Yes	B.Sc; PG Diploma (Mktg)
G-MM3	F/35	4	9	N/A	No	PG Diploma (HRM)
G-MM4	M/29	3	7	Accountancy Firm/ 0.6	No	B.Com
G-MM5	M/30	5	8	Hotel Industry/ 1.5	No	Bachelor degree in Hospitality and Tourism
G-MM6	M/26	3.5	7	N/A	No	B.Com
G-MM7	M/27	4	8	N/A	No	B.Sc (Physics)

CaptiveCo

Designation	Gender/ Age	Years in <i>CaptiveCo</i>	Years of Experience – BPO/Foreign banks	Experience Before BPO, Foreign Banks/Years	Work related Internation al Exposure	Education
C-MM1	M/39	7.5	14	IT/ 2	Yes	B.Tech (Engg), MBA (Finance)
C-MM2	M/37	5	13	N/A	Yes	B.Com, MBA (Finance)
C-MM3	F/33	5	9	N/A	No	B.Com
C-MM4	M/40	5.3	15	N/A	Yes	B.Com, MBA (Mktg)
C-MM5	M/36	4	12	N/A	Yes	B.Sc, PG Diploma in Accounting
C-MM6	M/35	6	10	IT/ 2	Yes	B. Tech (Computer)
C-MM7	M/28	4	7	N/A	No	B.Com
C-MM8	M/26	7	7	N/A	No	B.Com

Table A1.3: Frontline Employee Profile in *IndianCo*, *GlobalCo* and *CaptiveCo*

IndianCo

Role	Gender/Age	Years in <i>IndianCo</i>	Years of Experience – BPO	Experience Before BPO/Years	Work related International Exposure	Education
I-FLE1	M/22	0.8	1.9	N/A	No	B.Com
I-FLE2	M/22	1	1	N/A	No	B.Sc, Network Engineering
I-FLE3	M/22	1	2	Tutor in a Coaching Centre/ 1	No	B.Sc
I-FLE4	M/25	0.7	3	N/A	No	B.Com
I-FLE5	M/21	1.5	2	N/A	No	B.A
I-FLE6	F/22	0.9	0.9	N/A	No	B.Com
I-FLE7	F/24	1.6	3	N/A	No	B.Sc
I-FLE8	F/25	4	5	N/A	No	B.Com
I-FLE9	M/25	2	6	N/A	No	B.A
I-FLE10	M/26	6	6	N/A	No	B.Com, MBA (pursuing)

I-FLE11	M/27	3	5	Accountancy Firm/ 2	No	B.Com
I-FLE12	M/27	1.9	5.5	N/A	Yes	B.Com, *CFA (pursuing)
I-FLE13	M/29	8	8	N/A	Yes	B.Com, PG Diploma in Mktg. (pursuing)

* SME – Subject Matter Expert * CFA – Chartered Financial Analyst

GlobalCo

Role	Gender/Age	Years in GlobalCo	Years of Experience – BPO	Experience Before BPO/Years	Work related International Exposure	Education
G-FLE1	F/24	1.5	3	N/A	No	Undergraduate
G-FLE2	M/24	0.9	4	N/A	No	Final year of B.Com
G-FLE3	M/22	1.5	2	N/A	No	B.Sc
G-FLE4	F/26	3	7	N/A	No	B.A, PG Diploma (pursuing)
G-FLE5	M/26	2.6	6.7	N/A	No	B.Com
G-FLE6	M/27	2.4	7.3	N/A	No	BCA (Bachelors in Computer Application)
G-FLE7	M/26	4	7	N/A	No	B.Com
G-FLE8	F/26	5	5	N/A	No	B.Com
G-FLE9	F/29	5	8	N/A	No	PG Diploma in Business Mgmt. (HR)
G-FLE10	M/30	6	12	N/A	No	B.Com, PG Diploma in Personnel Mgmt.

CaptiveCo

Role	Gender/Age	Years in CaptiveCo	Years of Experience – BPO/Foreign Banks	Experience Before BPO, Foreign Banks/Years	Work related International Exposure	Education
C-FLE1	M/27	4	7	N/A	No	*MCA
C-FLE2	M/28	4.3	7.6	N/A	No	B.Sc
C-FLE3	F/26	3	6.3	N/A	Yes	B.Com
C-FLE4	M/25	2	5	N/A	No	B.Com
C-FLE5	M/26	1.5	6	N/A	No	B.Com
C-FLE6	F/27	2.4	7	N/A	Yes	B.Com, Diploma in Computers
C-FLE7	M/29	5	5	Recruitment Agency/ 3	No	B.Sc, PG Diploma in Business Mgmt. (HR)
C-FLE8	F/28	4	7	N/A	No	B.Sc, *MPM
C-FLE9	M/27	6	7	N/A	No	B.Com

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C-FLE10	F/26	6	6	N/A	No	B.Sc, PG Diploma in Finance
C-FLE11	M/28	4	8	N/A	Yes	BCA
C-FLE12	M/28	5.3	7	N/A	No	B.Sc
C-FLE13	F/28	3	7	N/A	Yes	B.Com

*Masters in Computer Applications *Masters in Personnel Management

APPENDIX 2

Questions for Semi-structured Interview with Senior Management

Introduction and Personal Background

1. Name, Job Title, Educational Background
2. Employment Experience: Duration in current company, Number of years spent in BPO and positions held, Work experience outside BPO if any, Decision to join BPO
3. Family Background – childhood, family members, place where raised

Interviewee's Company

1. Name of the company, business activities of the company and the benefit of the business model followed or why follow the particular model? Brief history of your company in relation to ITES-BPO.
2. Total size of employment, proportion of voice to non-voice work and reason for it
3. Geographies of clients and customers served - Roughly what proportions of business are conducted with the United States, United Kingdom and elsewhere?
4. Sectors/verticals (telecommunications, financial services etc...) served

Global Market and Competition

1. In what ways have changes in the global market had an impact on the Indian ITES-BPO industry in general and on your company specifically? (e.g. what has been the impact of the rise of the Philippines?) What implications does this have for the future of Indian BPO industry and your company?
2. How do you see Indian socio-economic or political factors affecting the industry?
3. What role does the Indian government and NASSCOM play to improve the prospects of the industry?
4. In what ways have the Indian ITES-BPO industry in general and your company in particular responded to the challenges of external competition?

BPO Business Post-crisis

1. Noticeable trends in the ITES-BPO industry in the last six –seven years in relation to proportion of voice /non-voice work, demand-supply of the local

labour market, skill availability, attrition and overall strategy of BPO businesses in terms of recruitment and retention

2. In what ways did the financial services crisis of 2008 impact your company particularly in relation to client demands and expectations and your overall business strategy? What are some of the ways you have accommodated client demands and expectations in the last four to five years?
3. Describe to what extent is client management an important aspect of the business? How challenging or easy is it in the current context?
4. What are the main technological changes impacting on the way that work is organised (call centres and the back office)?
5. What have been the principal steps taken to achieve efficiency and productivity outcomes?
6. How does these relate to your training and performance management strategies?
7. Looking at your employees, what do you perceive to be their greatest satisfactions and dissatisfactions in relation to their work experiences?
8. NASSCOM has referred to HR issues as the biggest challenge facing the ITES-BPO industry. What major people management issues does a company like yours worry about? How do companies currently deal with these issues?
9. What are the reward mechanisms and other ways of enhancing employee morale? How effective are they in developing employee commitment to organization and in employee retention?
10. What are the main objectives of employee engagement practices followed in BPO organizations? Can you talk about some of the employee engagement practices followed in your organization and in what ways do you think they have been effective so far? How far are these practices successful in cultivating a sense of professionalism in the employees?
11. Do you consider that BPO employees are guided by a sense of professionalism in their work? If so, in what ways do they exhibit their professionalism?

APPENDIX 3

Questions for Semi-structured Interview with Middle Management

Introduction and Personal Background

1. Name, Job Title, Educational Background
2. Employment Experience: Duration in current company, number of accounts managed, Number of years spent in BPO and positions held, Work experience outside BPO if any, Decision to join BPO
3. Family Background – childhood, family members, place where raised

Interviewee's Company

1. Name of the company, business activities of the company
2. Total size of employment, proportion of voice to non-voice work and reason for it
3. Geographies of clients and customers served - Roughly what proportions of business are conducted with the United States, United Kingdom and elsewhere?
4. Sectors/verticals (telecommunications, financial services etc...) served

Post –Crisis Work and People Management

1. Noticeable trends in the ITES-BPO industry in the last six –seven years in relation to proportion of voice /non-voice work, demand-supply of the local labour market, skill availability, attrition and overall strategy of BPO businesses in terms of recruitment and retention
2. What would you attribute these trends to? Can you describe the employment conditions in Indian BPO in general and your company in particular post 2008 economic crisis? Can you please also elaborate on the nature of client demands and expectations today and your overall business strategy to support that?
3. What kind of operational challenges does this create for your company?
4. How does this impact on how work is organized to provide 24/7 customer service in respect to both voice and non-voice work?
5. What are the main technological changes impacting on the way that work is organised (call centres and the back office)?

6. Can you elaborate on your role as ----- (job title in middle management) in the organization? In what ways /How do you see yourself playing an important role in the organization? What major operational and people management challenges do you face on a day to day basis?
7. What principal steps have you taken to achieve efficiency and productivity outcomes?
8. How does these relate to organization's training and performance management strategies? How are performance targets decided and how are they measured?
9. Looking at employees, what do you perceive to be their greatest satisfactions and dissatisfactions in relation to their work experiences?
10. According to you, how do employees in general perceive the people management practices in the organization? How/what do they feel about HR practices such as training, performance appraisal systems and reward mechanisms practiced within the organization?
11. HR issues have been recognized as the biggest challenge facing the ITES-BPO industry. What major people management issues does a company like yours worry about? How are you dealing currently with these issues?
12. What are the reward mechanisms and other ways of enhancing employee morale? How effective are they in developing employee commitment to organization and in employee retention?
13. What are the main objectives of employee engagement practices followed in BPO organizations? Can you talk about some of the employee engagement practices followed in your organization and in what ways do you think they have been effective so far? How far are these practices successful in cultivating a sense of professionalism in the employees? How do employees actually perceive these practices?
14. Do you consider that BPO employees are guided by a sense of professionalism in their work? If so, in what ways do they exhibit their professionalism?

APPENDIX 4

Questions for Semi-structured Interview with Frontline Employees

Introduction and Personal Background

1. Name, Job Title, Back-office or Call-centre Work, Vertical served, Educational Background
2. Employment Experience: Duration in current company, Number of years spent in BPO and positions held, Work experience outside BPO if any, Decision to join BPO
3. Family Background – childhood, family members, place where raised, parents' expectations, parents' view or response on joining BPO job

Interviewee's Company

1. Name of the company. What do you know about your company?
2. Geographies of clients and customers served, major client locations?
3. Sectors/verticals (telecommunications, financial services etc...) served

Post –Crisis Work and Employment

1. Can you please describe your nature of work and conditions under which you have to perform the work? What is a typical work day like for you? What kind of skills and competencies are required to perform your job task?
2. What made you choose this organization over other organizations in the BPO sector?
3. Did you get to choose the account you want to work for? If so, why did you choose to work for this account? Can you tell me something about this account you work for?
4. What is it that you enjoy most about your work? What are the major challenges that you come across in the performance of your task?
5. What are your major satisfactions and dissatisfactions about being in this job?
6. How effective has been the recruitment and selection process in communicating to you the roles and responsibilities of your job clearly?
7. How happy are you with the supervision that you receive for your work? What kind of support and guidance do you receive from your supervisor to meet your targets?

8. What kind of training programmes have you undergone in the past ____ months/years? According to you how effective and useful have they been in helping you to accomplish your work tasks and build your career?
9. On what basis is your performance assessed and how satisfied are you with your performance appraisal experience?
10. How effective are your organization's HR policies in protecting your/employees' interests in terms of working conditions, employee welfare and benefits, and career progression?
11. In what ways are employees rewarded for good work? How often have you been recognized for achieving targets? How effective do you think are the reward and recognition strategies in motivating employees to achieve more targets? How effective are these strategies in developing employees' commitment towards organization and retaining employees?
12. What are the main objectives of employee engagement practices followed in your organization? Can you talk about some of the employee engagement practices followed in your organization and in what ways do you think they have been effective so far?
13. Where do you see yourself in the next five years in your career? To what extent do you think this job gives you a sense of identity? What is your idea of an ideal or meaningful job? Besides money, what other things do you look for in a meaningful job?
14. How close are your personal values in life to the values of the organization that you are working for?
15. If you wish to move to a different organization in a different sector/industry in future, what learnings and skills from this job do you think you can apply to your new profile?
16. What changes do you see around yourself in the workplace and in your work since the time you joined the BPO sector? What do you attribute these changes to? How do these changes impact your work and your motivation to work for the organization?
17. What are major reasons for high attrition in this industry? In case you decide to leave this organization what would be your main reason to leave this organization?
18. Faced with high attrition rates, BPO players are making significant investments in resources and employee welfare services apart from adopting well-designed processes for performance review. What would be your comments on this?

APPENDIX 5

Table A5.1: Outline of Findings from the Three Case Studies

Business Model	<i>IndianCo</i>	<i>GlobalCo</i>	<i>CaptiveCo</i>
<i>Source of work</i>	Multiple Clients	Multiple Clients	Core Centre
<i>Client base</i>	Weak	Strong	N/A
<i>Relationship</i>	Evolving	Established	Evolving
<i>Business volumes</i>	Moderate to High	High	High
<i>Contract duration</i>	Short	Long	N/A
<i>Pricing model</i>	Offer wide spectrum of pricing models	Evolving – from FTE based to other	N/A
<i>Nature of business</i>	Back-office (risk management, analytical support etc...	Call centre (omni-channel techniques, use of analytics)	Back-office plus core jobs – use of complex technology related to global banking
Work and Employment	<i>IndianCo</i>	<i>GlobalCo</i>	<i>CaptiveCo</i>
<i>Employment conditions</i>	Frequent contract renewals; Operational Excellence – aggressive strategies to reduce cost and increase scope of work with clients; promising extra deliverables; loaning employees to IT projects	Frequent onsite client visits, client's involvement in operational matters, highly target driven culture based on strong client incentives; culture of idolizing good employees, building "brand ambassadors"	More core jobs; judicious hiring; hybridization strategy; high learning needs, strict compliance to legal and regulatory requirements; practice core centre values and behaviour; core vs. peripheral employees
<i>Training</i>	Reduction from 6- month "robust" induction to 3 month training; strong focus on Lean and six- sigma, domain certifications	3 week induction training with tough evaluations, domain certifications, monthly tests, group call calibration sessions; refresher training; shared learning	2-day induction training, focus on being a "banker"; mandatory values training; specialized training on demonstrating potential to handle future roles
<i>Performance management</i>	Performance metrics reviewed and revised every month to accommodate changing client needs	Double monitoring; coaching on science and metrics behind projects; regular exams/tests tied to incentives; strong consequences for non-performance	Use of Agile methodology, employees expected to take high levels of ownership; regular town hall meetings, webinars to communicate culture of high performance
<i>Reward, recognition, benefits</i>	Less monetary rewards and withdrawn facilities	High monetary incentives, other key facilities	Market competitive rewards package, flexi work, minimal facilities
<i>Employee engagement activities</i>	Low key activities, not regularly organized – limited budget, restriction on time	High budget activities, promoting culture of fun – employees given downtime	Focus on citizenship programs, supporting communities requiring employee time and effort
Employee Experiences	<i>IndianCo</i>	<i>GlobalCo</i>	<i>CaptiveCo</i>
<i>Work intensity</i>	12-14 hour shifts, working on holidays; quick transitions to adapt to changing client needs; additional roles /work without extra remuneration; devote time outside work to study for lean, six sigma, domain certifications	High targets, running parallel chat sessions, pressure to produce Wow calls and improve FCR rates; handling irate customers; working on off days; need for deep domain knowledge plus communication skills	Stressful long work days; firefighting; pressure to stay on top of things and in control of projects; accountability and ownership; changing reform measures and banking regulations; inadequate managerial support
<i>Perceived job security</i>	Uncertainty about duration of projects, hopping from one project to another; work on loan in IT projects; monthly changing score cards, manipulation of appraisals; lack of feedback	Long duration projects but strict evaluation of performance; "double monitoring"; demotions, zero incentives, no performance bonus, forced resignations on falling short of performance scores; no re-hire policy	Harsh appraisal system giving rise to fear and insecurity; high perceived job insecurity; employees focusing on increasing visibility, reactive problem solving
<i>Well being</i>	Inadequate supervisory support; very few IJPs; leave issues; low salary; less monetary rewards; reduced subsidy on food; company transport for night shift only; ritualistic employee engagement activities Satisfaction with infrastructural facilities vs. minimum scope to avail them	Supportive supervision; peer support; strong monetary incentives; free food and safe company transport for all shifts; employee involvement in fun activities but psychological pressure to perform/self-esteem issues; leave issues Dissatisfaction with infrastructural facilities	Flexi work, high salary, monetary incentives, volunteering time and skills to make difference in the communities, get to support causes one cares for - paid time during working hours and availability of financial grants; lack of managerial support; long time to get promoted
<i>Professional identity</i>	Low – less status and remuneration than IT employees	Moderate - sense of pride from working for high profile clients, on semi-tech projects; strong incentives directly from clients	Comparatively higher - sense of pride from working for "BIG brand", high salary, sense of ownership of work; use of complex technology