
Original Article

Business process outsourcing industry in India: Additional benefits of a CSR approach

Received 16 November 2010; revised 15 February 2011; accepted 13 July 2011

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Abstract Business Process Outsourcing (BPO) is a relatively recent phenomenon in India, emergent in the early 1990s, but today it is one of India's fastest-growing industries, attracting many international and local companies and entrepreneurs. It is no exaggeration to say that the BPO industry has made significant contributions toward alleviating Indian unemployment. However, the industry has also witnessed significant problems during its rapid growth. Paramount among these is the issue of psychological contract and its impact on employees' motivation. Preliminary studies have indicated a significant amount of worker exploitation in India's BPO industry. A number of studies have looked at the problem, but few to our knowledge have incorporated a corporate social responsibility (CSR) perspective, pointing out benefits that could accrue to companies (and indeed society at large) adopting this approach. The objective of the present research is to address that gap, to enhance knowledge of these issues in the Indian environment and to show how a CSR approach to the analysis of the problem of psychological contract and its impact on employee motivation can offer benefits to employers in India.

Asian Business & Management (2012) **11**, 273–289. doi:10.1057/abm.2012.11;
published online 2 May 2012

Keywords: psychological contract; employee motivation; corporate social responsibility; business process outsourcing; India

Background

Within the existing literature, the concept of Business Process Outsourcing (BPO) is explained by analyzing primarily the economies and market situations of Asian developing countries (Harmon, 2003a, b). BPO is a relatively recent



phenomenon, which emerged largely as a result of the increasing use by companies of advanced information and communication technology as a basis for enhancing business processes. According to Tas (2004), BPO is positively related to the search for more efficient organizational designs, namely cost reduction, productivity growth and innovative capabilities. Because of these activities, BPO clearly represents a strategic advantage for organizations. In essence, BPO is the act of giving a third party the responsibility of running what would otherwise be an internal system or service within the organization, thereby allowing the company to concentrate on its core business activity. Typically, companies looking at BPO are hoping to achieve cost savings by handing the work to a third party that can take advantage of economies of scale by doing similar work for several companies. In addition, overall cost savings can be achieved due, among other things, to the fact that labor costs in a great number of markets where BPO companies operate are relatively low, due primarily to differences in costs of living.

BPO activities are often divided into two categories, namely *back office outsourcing* (this includes internal business functions such as billing or purchasing) and *front office outsourcing* (which includes customer-related services such as marketing or technical support). The significant opportunities provided by information technology (IT) stimulate cross-border BPO activities. A BPO contracted outside a company's own country is sometimes referred to as *offshore outsourcing*; one contracted to a company's neighboring country is sometimes called *near-shore outsourcing* (NASSCOM, 2008).

The BPO industry represents a significant part of the Indian economy. A study conducted by the National Association of Software and Service Companies (NASSCOM) of India in 2008 concluded that 'India has revenues of 10.9 billion USD from offshore BPO and 30 billion USD from IT India thus has some 5 to 6 per cent share of the total global BPO Industry but a commanding 63 per cent share of the offshore component'. The top five BPO companies in India are Genpact, WNS Global Services, Transworks Information Services, IBM Daksh and TCS (www.articlesbase.com/international-marketing-articles/business-process-outsourcing-is-a-subset-of-outsourcing-3010624.html, accessed 20 June 2011).

The present research is concerned with an analysis of the concept of psychological contract and its impact on employees' motivation in the BPO industry in India. The concept of psychological contract postulates that employees have expectations with respect to the nature of the work to which they are assigned by their employers, and that failure to meet these expectations can have negative consequences on motivation level (Robinson and Rousseau, 1994; Rousseau and Wade-Benzoni, 1994; Thompson and Heron, 2003). In this article, it is proposed that there are additional benefits that can accrue to employers in the BPO industry in India if the problem of psychological contract and employee motivation is approached from a CSR perspective.



The remainder of the discussion proceeds as follows. We first state and explain the objectives of our research, followed by a brief outline of the research methodology and a review of the literature. Then we provide a brief outline and explanation of the concept of psychological contract and show the nature of its impact on employee motivation in India's BPO industry. The final section is concerned with corporate social responsibility (CSR) and the potential for employers in the industry to derive additional benefits in dealing with the problem of psychological contract and its impact on employee motivation by adopting this approach.

Objectives

The present study has two objectives. The first is to analyze the concept of psychological contract with respect to India's BPO industry and assess its overall impact on employee motivation in this environment. Specifically, we wish to measure the variances that might exist between employees' and employers' perception of what constitutes a motivational factor in a work environment. The second objective of our research is to address the problem of motivation from the perspective of CSR and analyze what additional benefits might accrue to employers by adopting this approach toward the issue.

Our research explores the contention that motivation plays an important role in retaining human resources (HR) in India's BPO industry. Drawing upon a review of the literature (below), it is argued that commonalities related to motivation may be categorized largely in three dimensions, identified as *Nature of one's responsibility*, *Expected Reward* and *Level of Communication*. We use variables derived from these three dimensions to analyze closely employees' degree of motivation in the BPO industry in India.

Methodology

This is a longitudinal study utilizing a combination of qualitative and quantitative methods in research design, data collection and data analysis. The empirical sample comprised 110 randomly selected respondents working in the BPO environment in India. Fifty-five of the respondents belonged to the traditional project environment, whereas the remaining 55 belonged to the virtual environment. Data collection methodology was based on a qualitative approach using primarily a semi-structured questionnaire combined with face-to-face interview sessions with respondents, as well as participant observation (Yin, 2009). Data were collected during the months of July through September 2010. The objective in choosing an approach of this nature was to be able to



study more closely the underlying factors that explain motivation and variances that might exist between employees' and employers' perception of what constitutes motivation in the BPO work environment.

Literature Review

A number of researchers have provided detailed analyses of the concept of psychological contract. These include Katz and Kahn (1966), Rousseau and Wade-Benzoni (1994), Splindler (1994) and Guest *et al* (1996). Nel *et al* (2001) suggest that employees have expectations with respect to issues such as the amount of challenging work they are assigned, salary and promotion. A study conducted by Robinson and Rousseau (1994) found that a majority of employees believed there had been a violation of their contracts on the part of their employers, suggesting that there may be differences between the expectations of employees and the ability of their organization to support or provide for these expectations. These differences are evaluated by employees with respect to motivational drive and the achievement of performance outcomes, such as opportunities for training, rewards and job satisfaction (Thompson and Heron, 2003).

Commenting on the nature of psychological contracts, Katz and Kahn (1966) suggest that every role in an organization is a set of behavioral expectations, which are implicit and are not necessarily defined in the employment contract. Explanations for these expectations are grounded in various theories of motivation, such as expectancy theory (Vroom, 1964) and operant conditioning theory (Skinner, 1974), which suggest that employees behave in ways that they expect will produce positive outcomes. In other words, employees' actions are contingent upon the anticipation of satisfaction of their expectations. In addition, based on these observations of employees' expectations, Armstrong (2003) proposes that employees have seven expectations from their employers, which he identifies as: to be treated fairly as human beings; to be provided with work that utilizes their abilities; to be rewarded equitably in accordance with their contribution; to be able to display competence; to have opportunities for further growth; to know what is expected of them; and to be given feedback on how they are performing.

Taking a similar perspective, Guest *et al* (1996) present the following aspects of the employee relationship covered by psychological contract, as seen from an employee perspective: how employees are treated in terms of fairness, equity and consistency; security of employment; scope to demonstrate competence; career expectations and opportunities to develop skills, involvement and influence; trust in the organization's management to keep promises; safe working environment.



From the point of view of employers, Armstrong (2003) suggests the following four expectations: to do their best on behalf of the organization; to be fully committed to the values of the company; to be compliant and loyal; and to enhance the image of the organization with customers and suppliers.

In the case of the BPO environment, stakeholders in general, and employees in particular, are identified by their interests, have a legitimate claim over project resources, and have an interest in understanding how those resources affect their well-being. These claims may relate to economic, social and psychological satisfaction in the place of employment. Specifically, employee expectations may be related to equitable behavior on the part of company officials, sharing of fringe benefits, freedom to voice their opinion through channels such as collective bargaining, freedom in offering services through employment and adequate working conditions (Cleland, 1998). This seems to suggest that employees expect their management to satisfy their claims (understood as being *obligations* within the context of *psychological contracts*), and these may be related to performance-based financial rewards such as fringe benefits, congenial work and work environment, as well as opportunities to voice opinions.

Motivation is a central and recurrent theme in studies addressing the issue of psychological contract in the work environment from the perspectives of both employee and employer. A study of psychological contract within the context of motivation has been presented by Rousseau (2004), who states that managers use psychological contracts as a tool to motivate employees. Underscoring the importance of psychological contracts in fostering motivation, Fiest and Gorman (1998) cite the example of knowledge workers and suggest that as these employees draw motivation from their work, the extent to which their organizations provide them with opportunities for professional growth is pivotal to motivation. Furthermore, Schein (1965) presents the significance of psychological contract by putting forth employee expectations of the employer and the complementary employer expectations. He states that the extent to which people work effectively and are committed to the organization depends on:

1. The degree to which their own expectations of what the organization will provide to them and what they owe the organization in return match that organization's expectations of what it will give and get in return. In other words, employees need to have clarity of the organization's expectations of them and also have clarity of expected rewards.
2. The nature of what is actually to be exchanged – that is, money in exchange for time at work, satisfaction of social needs, and security in exchange for hard work and loyalty, opportunities to achieve self-actualization and challenging work in exchange for high productivity, high-quality work and



creative effort in the service of organizational goals. These observations are consistent with the various central theories of motivation, such as McClelland (1961), Locke (1968) and Vroom (1964).

The present research addresses these issues by integrating the concepts of people's motivation and performance and comparing these aspects in the BPO environment in India. Following this, an analysis of how additional benefits might be derived by utilizing a CSR model in addressing motivational issues in the BPO industry in India will be attempted.

Work Culture of BPO Companies in India

It has been generally observed that in the BPO industry in India people work 'when the rest of the country sleeps'. A good majority of BPO companies in India work according to international (primarily United States and United Kingdom) time frames. Therefore, most BPO employees in India work night shifts, often starting anywhere between 10:00pm and 2:00am and ending anywhere between 6:00 and 10:00. There is also what is generally referred to as the 'graveyard shift', essentially an odd time shift (OTS) starting at 4:00am.

Research by NASSCOM (2008, 2009, 2010; see also Sudhashree *et al*, 2005) has established that prolonged OTS can have major negative consequences on physical and mental well-being. Physical strains such as, for example, sleep disorder, depression, odd working shifts, constant handling of abusive calls from overseas customers and high stress levels are all said to contribute to BPO employees becoming increasingly prone to serious health problems like hypertension and heart disorders.

Research conducted by NASSCOM in 2008 found that depression was the most common problem faced by employees in this environment. Next to this, in order, were frequent headaches, feelings of fatigue, sleep disorder and frustration.

The daily area of responsibility for an average BPO employee relates primarily to troubleshooting and sales/revenue collection. All of these tasks are organized in the form of call centers staffed by employees capable of communicating adequately with customers (generally from Western countries) in their own language. Call center staff are required to demonstrate a high degree of comprehension of the customer's language (often English), combined with excellent communication skills. The idea is to convey the impression that the person to whom the customer is speaking on the phone is perhaps a fellow citizen with perfect understanding of the problem at hand, both from a cultural and linguistic point of view. Distance and certain psychological barriers are said to be broken when a customer calls and finds that he/she is speaking to



someone on the other end of the phone line who has the ‘right accent’, responds to questions ‘in the right way’ and has a perfect understanding of the nuances of language often shared exclusively among native speakers. Thus, a call center worker in an Indian BPO company who has never visited Britain or the United States, for example, is supposed to communicate on the phone to native speakers of the language calling from these countries as though they themselves are native speakers. These issues are obviously not clearly stated in the formal contractual document when one is hired, but remain nevertheless an important psychological factor exerting considerable pressure on employees in terms of their performance. Accordingly, speaking on the phone to customers in far-away countries while assuming the accent of a ‘native speaker’ and at the same time trying to solve all sorts of problems for the customer, being subjected to unpleasant phone conversations from certain customers, having to sometimes deal with anger and frustration and trying to remain calm in the face of such abuse and so on – these all become routine everyday activity for call center employees, leading to various health problems.

The average age of a call center employee in India is 22 years; each call center has at the very minimum 100 employees. This means that a vast number of such workers are very young, often in their late teens or early twenties. These employees often bear the blunt of pressure from employers to over-perform according to some unwritten criteria. With no particular qualification required for call center jobs (except fluency in English and good communication skills), BPO jobs provide a quick gateway to good pay packages for India’s youth. Many youngsters are choosing to discontinue their education right after 12th grade in order to avail themselves of the opportunities that BPO jobs in call centers provide. Such a decision can hamper (or even end) their long-term career prospects. In addition, at such an age, these youngsters have access to large amounts of cash, but are not always aware of how to put it to good use. Furthermore, working night shifts (especially for girls) has not really been accepted by India’s rather conservative society. As such, these youths often face reproach from elders in the family and society at large.

Owing to the increasing gap between supply of and demand for talent for BPO jobs and the saturated talent market, call center companies are luring India’s young people with attractive pay packages and other benefits as soon as they leave college. But these youngsters immediately face the realities of the industry as they fail to cope with the stress brought on largely by their work responsibilities in these centers. With little or no time devoted to personal life, such as spending quality time with the family or engaging in recreational activity (attributed to the erratic work schedules and monotonous work responsibility typical of the BPO industry), this quickly escalates to high stress levels at work, leading to frustration and various health problems for the BPO employee. Added to these are very serious



issues of sexual harassment and abuse in the workplace, psychological pressures from superiors and so on.

A great majority of the problems outlined above are related to psychological contract and its impact on employee motivation and performance. Successive NASSCOM (2007, 2008, 2009) studies have concluded that if these problems are not addressed with a degree of urgency, they are likely to quickly escalate to threaten Indian youth with serious long-term health issues and other problems in general well-being.

The above is thus the background to our empirical study of the effects of psychological contract on employee motivation in the BPO industry in India. We report the findings of our empirical study below, followed by a discussion of the possible additional benefits employers in India's BPO industry could derive by a CSR approach.

Findings of the Study

Respondents in our survey came from a number of noted BPO companies in the Noida and Gurgaon areas (just outside Delhi) of India. The companies were selected for the simple reason that they were the most representative in the different sections of the industry. The individual respondents were persons directly involved with the development of call-center activities for their organizations, and as such familiar with the central issues enumerated in the data collection instrument. Respondents also comprised employees who had spent on average 2 years in the industry, and thus also were familiar and could respond authoritatively in relation to the central issues outlined.

An open-ended structured questionnaire was first sent by e-mail to 40 representative companies (in terms of their activities and industrial sectors) of all sizes in the above-indicated areas. Before sending the questionnaire, we had telephoned the HR sections or departments of the companies to inform them of our research, at the same time requesting to speak to the most appropriate person(s). Through this mechanism, we were able to identify appropriate recipients of our data collection instrument. Furthermore, we were able to look at the directories of the relevant companies and identify individuals most likely to have intimate knowledge of the issues that we wanted to address. Further still, through personal contacts with a number of people at senior level in the HR departments of certain of the targeted companies, we were able to gain access in some of the targeted organizations to employees willing to meet with us (outside their work environment) to provide additional responses or clarifications to the central issues of our study.

The structured open-ended survey was conducted in July 2010, followed by face-to-face interviews and participant observations in August and



September 2010. All respondents were well placed to provide authoritative answers to our questions, as they had close knowledge of the central issues of the study, as outlined in the data collection instrument. An overview of the industrial sector and number of respondents in each industry is provided in Table 1.

As Table 1 shows, respondents were drawn primarily from eight sectors active in the BPO industry in India. Of these, four – telecommunications, IT, management services and consultancy – were considered to be the most representative in terms of the issues outlined in our survey instrument. However, we felt that it was also appropriate to include the other four sectors, as they also have BPO activities (although less pronounced than the first four). Usable responses were received from 110 individuals across the eight indicated sectors. As can be seen, the highest number of respondents (84) came from the first four sectors, with the remainder (26) drawn from the last four. The majority from the first four sectors can be explained by the fact that these sectors tend to have the highest number of call centers, are more active in the industry, and employees/organizations are more open and willing to share information regarding their activities (NASSCOM, 2009).

On the basis of the returns we received from the open-ended structured questionnaire, the researchers were able to acquire 30 respondents across the identified four main sectors for more comprehensive face-to-face interview sessions. For the purpose of our research, respondents were asked to consider as reference their current responsibilities in the organization or the most recent responsibility they had in any BPO company in India. Our survey was particularly concerned with discerning the most central factors considered to be motivational drivers for employees. Furthermore, we wanted to know who, from the employers' side, was responsible for identifying these motivational factors, and whether such an identification process was completed in close cooperation with employees, or was it something simply imposed upon staff

Table 1: Overview of industry sector and number of respondents

<i>Industry</i>	<i>Number of respondents</i>
Telecommunication	26
Information technology	28
Management services	10
Consultancy	20
Banking	8
Pharmaceuticals	4
Energy	6
Construction	8
<i>Total</i>	<i>110</i>



by management. We explored who had identified the motivational drives of employees by inquiring into what was most important to them, using a comprehensive open-ended questionnaire as guide during the face-to-face interview sessions. The questions in the survey instrument related to the three dimensions of motivation earlier identified as the nature of responsibility in the organization, the nature of reward and the level of communication. A 5-point Likert scale was used as the basis for measuring the motivational levels of employees. This was expressed in terms of the degree to which respondents agreed relative to the specific issues outlined in the data collection instrument, that is, 1 = strongly disagree and 5 = strongly agree.

The data collection instrument contained a number of motivational factors relative to the three identified dimensions of motivation. In order to ensure that respondents had a perfect understanding of the issues being explored, and thus build greater reliability in terms of the responses they provided, the researchers asked respondents the same questions two or three times. Apart from questions that specifically addressed motivational issues, respondents were also asked questions related to their personal backgrounds, for example, age, degree of professional experience and what they felt relative to the location of their work. Consistent with the comparative nature of the survey, the same questions were asked to respondents irrespective of whether they worked in a traditional project environment or a virtual one. Interview sessions included questions related to issues such as the amount of time respondents spent each week working from home, the percentage of the workforce within the respondent team that carried out the assigned responsibilities from a distant location, whether they considered their current responsibilities in the organization to be traditional or virtual and so on. We wanted to measure whether there existed significant variances between employees' expected motivational factors from employers in the BPO industry in this environment and what their employers were able to offer them in real terms. Such variances were considered to be very useful in determining to what extent motivational factors were perceived in the same fashion by employees on one hand and employers on the other. Clearly, if significant variances were discerned between the two groups (for example, employees and employers) about what each understood to represent a motivational factor, it would not be possible to measure with a reasonable degree of accuracy the performance of employees relative to the identified motivational factors. In essence, this means that if there is no cohesion or common ground in terms of what both groups understand to represent a motivational imperative, one cannot determine with a reasonable degree of accuracy employees' performance, due primarily to the lack of a common premise as the basis for proceeding in a balanced manner.



Table 2 provides a summary of our main findings.

Table 2: Level of employees–employers agreement–disagreement relative to motivational factors in the Indian BPO industry

	<i>Responsibility</i>	<i>Reward</i>	<i>Communication</i>
<i>Motivational factors</i>			
1. Employees consider the level of responsibility one has in the organization as an important motivational factor in the BPO industry in India	**	**	**
2. Employees want to be closely involved in the decision process of the organization relative to the primary areas of their responsibility in the BPO industry in India	***	***	***
3. Employees generally associate autonomy of tasks relative to overall performance in the BPO industry in India	*	**	**
4. Employees do not regard team spirit as an important motivational factor in the performance of their responsibilities in the BPO industry in India	*	**	*
5. Employees are not motivated by the level of financial reward offered by employers in the BPO industry in India	**	*	**
6. Performance-based financial rewards are not an important motivational factor for employees in the BPO industry in India	***	***	***
7. Employees feel that there is no significant variance between the expectation of employers and employees when it comes to performance-based motivational reward in the BPO industry in India	**	*	**
8. Employees in the BPO industry in India feel that their work environment sufficiently supports the free flow of information at different level of hierarchies within the organizations	*	*	*
9. Employees feel that there is a strong cooperative spirit existing among and between team members in traditional and virtual environments in the BPO industry in India	*	**	*
10. Employees feel that there is a vibrant training environment developed by their organizations as a motivational factor for higher performance in the BPO industry in India	*	**	**
11. Employees do not consider performance feedback from their superiors as an important motivational factor in the BPO industry in India	**	**	**
12. Employees consider that the established channels of communication between work teams is adequate as a motivational factor in the BPO industry in India	**	**	**

Explanatory notes: * = Employees and employers strongly disagree; ** = Employees and employers neither agree nor disagree; *** = Employees and employers strongly agree.



Discussion of the Findings

As Table 2 indicates, there existed significant variation in the level of agreement expressed by employees on one hand and employers on the other in the BPO industry in India with regard to the central motivational factors. These manifested themselves in terms of the ‘strongly disagree’, ‘strongly agree’ and ‘neither agree nor disagree’ responses. In most cases, where the last was the case, further discussions with employees outside the work environment indicated that they in fact showed some clear degree of disagreement with their employers. Follow-up face-to-face interviews with employers provided additional information, which strongly suggested that employers thought they were of the same opinion as their employees when it came to these motivational factors. Furthermore, we did not find any significant differences in degree of variance, whether it related to traditional or virtual work teams in the BPO environment in India.

In terms of motivational Factor 1, the study found that the level of ‘neither agreement nor disagreement’ was virtually the same across the three indicated dimensions of motivation – that is, whether it related to the level of the employee’s responsibility in the workplace, the expected reward mechanism or level of communication with superiors. Follow-up discussions with a selected number of respondents outside the work environment demonstrated that in fact they were more inclined to disagree with much of what their employers had told us during our interview sessions with them.

The next motivational factor relates to the degree to which employees wanted to be closely involved in the decision process relative to issues for which they had direct responsibility. Here, our study found strong levels of agreement right across the three identified dimensions of motivation. Earlier discussions with employers had suggested that they thought employees were not particularly concerned with this issue, as long as they were able to derive financial rewards commensurate with the level of their overall performance. Here again, the impact of psychological contract on employee motivation is clearly discernible. Being involved in the decision process related to the issues for which one has responsibility is not something that is clearly specified in a formal contractual document when one is employed, yet the issue assumes great importance to employees when it comes to motivation. Face-to-face discussions with employees revealed that they considered this factor to be important for the simple reason that if their employers involved them in the decision process it was, in essence, a way of clearly manifesting their appreciation of the added value the employee was thought to bring to the organization. Not being involved in decision processes, on the other hand, created the opposite effect in the mind of the employee, leading to a significant reduction in the level of their motivation.

With regard to motivational Factor 3, our research found that a great majority of the respondents strongly agreed that this was very important when



it came to their primary areas of responsibility in the organization. They very much valued autonomy, as it meant that they did not need to report to their superiors regarding every single issue for which they had responsibility. To the employees, autonomy represented trust and recognition on the part of the employers of their real value to the organization. Opinion was, however, not very clear when it came to the remaining dimensions of motivation, namely the nature of reward and level of communication. Similar opinions were expressed with regard to motivational Factor 4.

An interesting finding related to motivational Factor 5, which addressed the issue of financial reward. Here, employees strongly agreed that it was important when it came to the level of their responsibility and, strangely enough, communication as well. However, they clarified that reward should not solely be looked at in terms of financial reward. There were other attributes of reward which also had to be taken into account; these included, for example, relevant training organized at regular intervals by the employers, recreational activities, weekend holidays paid for by the employers and so on.

Other identified variances of significance related to Factors number 7, 9 and 10. The remainder of the factors, particularly those in which respondents did not indicate either agreement or disagreement, were found to be either not as significant or the degree of their significance became more discernible following extensive discussions with respondents outside their work environment.

These findings indicate that the BPO industry in India still has a long way to go before it can fully and satisfactorily address the problem of psychological contract and its impact on employee motivation. There is evidence, however, that certain sections of the industry are already in the process of finding new avenues for addressing these problems. One such avenue that merits particular discussion here is CSR. A good number of BPO companies in India have already started to put in place a repositioning strategy based on a CSR approach. Others are yet to define such a strategy, but are exploring ways in which CSR can be more aggressively utilized as a factor in re-engaging with their communities for the benefit of their organizations, communities and Indian society at large. Clearly, there are additional benefits to be gained by employers in the Indian BPO industry when it comes to the issue of psychological contract and its impact on employees' motivation. It is to this issue that we now turn our attention in the final section.

Additional Benefits of a CSR Approach

Although CSR and its contribution to sustainable development in India is relatively recent, its roots go back decades in this country. Indeed, a number of writers (Agarwal, 2008; Prada, 2008; Chakrabarty, 2011) have argued that the



importance of CSR in Indian society goes back to the colonial period and perhaps even beyond. Companies in India have to varying degrees been engaged in social activity of one form or another for quite some time. However, it is in more recent times that the debate over CSR has particularly engaged the attention of corporate India. The nationwide HR development organization, Naukri, observes that what is new with CSR in this environment in more recent times is 'the shift in focus from making profits to meeting societal challenges. Nowadays, employees are actively participating in social activities even on holidays. This is mainly because employees feel a sense of pride when they are involved in such activities. Moreover, companies are having dedicated departments for CSR' (www.naukrihub.com/hr-today/corporate-social-responsibility.html, accessed 24 March 2011). The organization further notes that in India CSR activities of organizations encompass employees, customers and various types of stakeholders, all of whom are concerned with issues of sustainable development. Among the most noted CSR activities corporate India has engaged in during the last few years are the development of infrastructure in rural areas, construction of schools and rural clinics, and enhancement of living standards in rural areas.

According to the India Brand Equity Foundation (IBEF) 'Nearly all leading corporates in India are involved in corporate social responsibility programmes' (www.ibef.org/Archives/View/Articles.aspx?art_id=é'ç-&cat_id=924, accessed 24 March 2011). IBEF notes that these companies are particularly engaged in CSR activities related to education, health, 'livelihood creation', rural development, skills development, building of sustainable communities and the 'empowerment of weaker sections of society'.

Within the BPO industry, there are numerous examples of positive contributions to CSR by various organizations. Such contributions have traditionally been carried out primarily by large BPO companies. However, in more recent times, there has been a significant engagement in CSR activities by small- and medium-sized BPO companies in India. Notable among these are various start-up companies who have been particularly active in CSR activities in rural India. A number of these, according to MoneyMint.in, have even gone a step further in completely relocating from urban centers to small communities in rural areas, so as to be better placed to 'create a social impact by providing opportunity to the local community' (www.moneymint.in/corporates/ruralshores-corporate-social-responsibility-innovative-indian-startup-rural-bpo, accessed 24 March 2011). One notable example of such an initiative from a start-up BPO company is RuralShores, whose activities include data capture, document processing and imaging. These are essentially the more routine operational activities of BPO. According to MoneyMint, the company won the NASSCOM 'Best Innovative Startup' award in 2010 for its sustained engagement in HR development in rural areas of India. RuralShores'



mission has been described as 'to be able to create a strong social impact' by essentially moving its activities from India's metropolitan areas to rural communities. By moving to rural areas, RuralShores aims to contribute to raising living standards in these areas and at the same time optimize cost benefits that might accrue through lower labor costs and other production factors. 'The compelling business model lies in the empowerment of rural people, who are ready to take the white collar jobs with an extra commitment and also to make differences in their lifestyles' (ibid.).

The BPO industry in India can derive numerous additional benefits by adopting a CSR approach to addressing all sorts of problems they may be confronted with. Such benefits include enhanced employee commitment, stronger financial performance and profitability through adopting a more eco-efficient business strategy, decreased vulnerability through a stronger engagement with communities, and improved reputation and branding.

As far as HR is concerned, BPOindia.org (www.bpoindia.org/research/call-centers-challenges-for-hr, accessed 24 March 2011) has identified the 12 most common problems at the center of high employee turnover in BPO call centers in India. These comprise a sense of powerlessness or lack of control, frustration of not being allowed to do a good job, repetition, daily physical confinement, over-regimentation, the feeling of being spied upon, the feeling of not being appreciated by others in the organization, handling complaints and problems all day long, pace of effort required, odd work hours, pay and better opportunities elsewhere. As we have seen earlier, a great number of these factors can be understood from the perspective of psychological contract and its impact on employee motivation. Additional benefits could be acquired by employers in the BPO industry by adopting a CSR approach and positively addressing many of these HR problems.

Of the above-indicated benefits, that a CSR approach could bring the BPO industry enhanced employee commitment is perhaps the most central one in terms of the subject matter of this article. We have seen in the preceding discussion how psychological contract has a negative impact on employee motivation in the BPO industry in India. Traditionally, BPO companies operating in this environment have never been particularly concerned with CSR. However, we have seen how CSR has had a strong impact on the activities of corporate India during the last few years. We have also seen how BPO companies of all sizes are more actively integrating the CSR model in their activities today. This relates particularly to how they deal with employees in term of motivation. BPO companies positively engaged with their employees and communities make positive contributions to an enhanced quality of life, and through this mechanism they can create a strong brand image and goodwill in society. By demonstrating an enhanced employee commitment, these companies will clearly derive additional benefits, such as enhanced



commitment among employees to the organization, reduction in employee turnover, decreased vulnerability through a stronger relationship with their communities and so on. These issues will be addressed in greater detail in our next research project.

Acknowledgements

The authors wish to thank the editors of this special issue and the anonymous reviewers for their valuable comments and suggestions for improving the article.

About the Authors

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