Review Article

International Subcontracting Evolution of India

Dr. Ashok Singh*
Assistant Professor, Department of Commerce,
MMERCE HC College Varanasi

Abstract

Outsourcing is an old practice, but offshore outsourcing is relatively new. Problems related to outsourcing abroad have entered the core stages of the globalization process. Overseas service outsourcing is the result of national economic and technological development. This is gaining popularity in India after the process of economic liberalization. This article seeks to provide a unified basis for understanding subcontracting, including the evolution of subcontracting, theoretical development, and future trends. This article compares the strengths and weaknesses of current subcontractors with a comprehensive framework for outsourcing in India and an important aspect of outsourcing.

Keywords: outsourcing, offshore outsourcing, BPO, KPO

Introduction

To reduce costs and / or officials before certain values that provide activities, processes and / or services in the premises of their own, or agents to focus more on their core competencies. An outsourcing decision is a sales decision an organization has already made or has decided to purchase items or services internally. The concept of outsourcing represents a results-oriented relationship with external service providers for the activities carried out within the company. Traditional outsourcing is based on business tactics that reduce costs and improve the efficiency and flexibility of the business. Innovative outsourcing focuses on innovation and business improvement. The main focus of outsourcing is that subcontractors and subcontractors can develop long-term relationships that promote lasting and mutual change. The success of an outsourcing relationship depends on collaboration and coordination among participants who share business information.

Outsourcing can be defined as the delegation of IT-intensive business processes to an external vendor to own, manage and administer the intensive business processes based on a set of defined parameters. Whether outsourcing low-end or standardized BPO (Busi-Process Outsourcing process) and high-end or specialized services such as Knowledge Process...
Outsourcing (KPO). KPO is a specialized feature of BPO.

In general, KPO can be defined as a form of outsourcing knowledge-related information tasks performed by other employees or by the same company(1). This is mainly done to reduce the costs of technological benefits and to access unique resources such as skills and knowledge, or to learn new features, risk sharing, etc.

A process is defined as "a specific sequence of work activities by time and place, beginning and end, and clearly identified inputs and outputs" (Davenport, 1993). BPO services include back-office operations such as account management, human resources payments, ticketing, medical records, data processing and customer support services. KPO services include research and development, business and technical analysis, learning solutions, animation and design, business and market research, pharmaceuticals and bio-technology, writing and writing, content development, health services, engineering services, legal services, software development, tax support.

The outsourcing that started with the 1960s phenomenon is now global. Globalization and economic liberalization have favored the outsourcing of products and services that transcend national borders. The outsourcing of services to remote locations has become possible through the improvement of information technology and the reduction of IT costs. This is called the offshore ring or offshore outsourcing. Most back office operations such as accounting interaction, human resources, payment, ticketing, customer service or customer service is by relocation moved to developing countries like India, China, the Philippines and Malaysia.

Outsourcing to India began after economic liberalization in 1991. It became a center for the year 2000 problem that established India's capabilities in IT services. In 2007-08, the country's total outsourcing activity was $ 12.5 billion and continues to contribute to the national GDP. This shows the importance of outsourcing in the Indian economy. Current research is trying to evaluate the process of outsourcing abroad to India. It tries to understand the importance of India as well as its theoretical aspects as its location and offshore position outsourcing because of the benefits of people.

Historical

Traditional outsourcing services focus on reducing operating costs. The focus was mainly on non-core activities and then expanded to strategic direction, value creation, skills development and non-economic management. However, outsourcing has gone from low end to high end for years. Supplier companies now have a high level of specialization and high quality standards such as SEI-CMM (Institute of Software Engineering - Capability Maturity Model) and ISO 27001. Instead of reducing overall costs, features such as the fast installation, flexibility and improved reliability of service providers are attractive to customers (subcontractors).

Computer outsourcing began in 1963 when Ross Perot and his company Electronic Data Systems (EDS) signed an agreement with Blue Cross for the processing of their data processing services. EDS is a Global Information Technology Enabled Service (ITES) company dedicated to providing business solutions to its customers. The overseas outsourcing industry began in 1979 when American Express outsourced the accounts receivable process to Tata Consultancy Service (TCS). Texas Instruments and Motorola arrived in India in the mid-1980s. The outsourcing of the information system (IS) in the 1990s was introduced in India (Lei et al., 2000).
According to Grover et al., We outsource. (1996) is the practice of diverting some or all of the organization's IS functions to the full service provider. IS outsourcing includes application development and maintenance, system operations, networks/telecommunications
End-user IT support, system planning and management, and purchase of application software, excluding business consulting, after-sales service and telephone line rental (Kim et al., 2003)(2). It was popular because it spends more money measuring controlled environmental conditions. Due to the high cost of computer equipment, many organizations have attempted to obtain outside services through operations management (Grover et al., 1996, Gupta and Gupta, 1992). However, the standard package was introduced to the market in 1970 and has resumed standardization for a broader range of system software such as database management systems and communications.

In the early 1980s, outsourcing began with the introduction of low cost versions of minicomputers and personal computers. In 1989, Eastern Kodak Company outsourced IBM's entire data center for the first time among Fortune 500 companies (Loh and Venkatraman 1992). Many organizations started to operate their information system environment on a customized basis in the 1980s. However, most outsourcing services were related to communications management, systems integration, business development, and business development applications and systems operations in the 1990s (Loh and Venkatraman, 1992).

Theoretical Developments A good theory can predict the future with a given set of values for a particular variable and understand why this predicted value should result (Dubin, 1969). Other theories have been used to predict outsourcing. There are several theories such as basic skills, transaction costs, resource base, neoclassicism and business nomenclature theory to explain directly or indirectly the context of outsourcing. In addition, certain theories such as contract theory, partner theory and alliances, relational exchange theory, social exchange theory, agent theory, stakeholder theory, etc., explain the limits of outsourcing. Outsourcing practices are evolving in different directions due to the availability and flexibility of IT development. Cheon et al. (1995) divided these theories into two categories in terms of outsourcing in a strategic management perspective and an economic perspective. Strategic management perspectives relate to formalization and business implementation strategies to achieve the desired performance objectives, as discussed in resource-based theory and resource dependency theory. Economic prospects use the theory of the cost of trade or agency cost theory to study the adjustment and dominance of traders who trade with each other. An economic vision assumes that goods and services are most efficiently produced in specialized organizations capable of achieving economies of scale (Cheon et al., 1995, Lacity and Hirschheim, 1993). Another approach is the societal vision of the old political theory of power and the theory of social exchange with a focus on relationships and the closer relationship between customers and service providers(3). They sought to understand the relationship as a dynamic process through specific sequential interactions in which two participants engaged in activities with each other and exchanged valuable resources. The theoretical model applied to the subcontracting of replenishment shows significant changes from a strategic and economic perspective to a social perspective. There have been attempts to explain some theories below.

Theory of fundamental competence
Information Technology Services - Business Process Outsourcing (ITES-BPO) goes back to Prahalad and Hamel's (1990) Core Competency Theory, which emphasizes that the business world favors competitive advantages and outsource everything else. Basic skills are the creative, original and irreplaceable abilities of a company to gain a competitive advantage (Barney 1991, Prahalad and Hamel 1990). For example, if your business is not in your core business, you can outsource IT activities (Gilley and Rasheed 2000, Steensma and Corley 2002). Managers can strategically outsource and utilize key competitive advantages and resources by focusing on their core competencies (Quinn and Hilmer, 1994). It is sometimes difficult for a company to define basic skills because IT is the key to competitiveness at the enterprise level, but not at the lower level. It is not easy to define core competitiveness as a strategic advantage while outsourcing.

See transaction costs

This explains why companies outsource in terms of costs. The outsourcing decision is determined by the relative transaction and production costs associated with the process or service (Williamson 1979). Transaction costs comprise three dimensions: the frequency, the uncertainty and the specificity of the assets. Researchers prefer to outsource peripheral activities to effectively reduce costs (Benson and Leronimo 1996, Lacity et al 1996, McFarlan and Nolan 1995, Prahalad and Hamel 1990). If all aspects of transaction costs are low, the company outsources business processes (Poppo and Zenger 1998). If the transaction cost for such work is higher than the cost of that work, or vice versa, it can benefit from the internal work associated with a particular job (Keat and Young 2003). Outsourcing decisions are made after the company has calculated all costs, such as creating, monitoring, and enforcing contracts. Whenever an activity is performed in uncertainty, outsourcing decisions can be relatively inefficient compared to receiving InfoSource services.

New classical theory

The new classical theory considers all commercial organizations as units of production (Williamson 1981) and organizational motivation is generally governed by profit maximization. This theory assumes that firms outsource to assume cost benefits by assuming economies of scale. Outsourcing decisions are influenced by the cost and production benefits that promote environmental, technical and strategic benefits. Success depends on the ability of customers to leverage their competitiveness and integrate it into their own services to produce competitive products and services.

Theory of the agency

This theory solves two problems: the conflict between the client and the agent, and the difference in risk sharing. Conflicts can arise due to inconsistencies between desires and goals between the client and the agent. In this situation, the customer will not know the assignment assigned to his agent. The difference in risk sharing occurs when customers and their agents have different risk preferences. The success of this relationship is based on the client's ability to accurately predict the present and the future. Sometimes, in this relationship, the seller is paid for the profitability of the contract.

Resource-based theory

Theory explains that outsourcing is a strategic business decision that can be used to bridge the gap between a company's resources and capital capabilities (Grover 1998). Spectrum capacity is
based on the resources and capabilities of the company. Prahalad and Hamel (1990) "can find a source of advantage in the ability of managers to integrate their technological and production skills into their ability to quickly empower and change their individual business.

**Relational Views**

This focuses on relational standards by the success of any partnership resulting in effective relationships between merchants and value creation through such partnerships. In this view, supplier-client relationships provide relational rents generated by business-to-business exchange or the sharing of knowledge, capabilities, and assets (Dyer and Singh, 1998). Relative rents are created when partners reduce, reduce transaction costs or increase synergy by sharing, combining or investing assets, knowledge or capabilities with effective governance.

Successful relationships depend on the customer and the service provider. They must disclose all the information and be flexible enough so that the relationship can change from one to another. A major obstacle to effective (lead agent) alignment of outsourcing is misconceptions about your goals, policies and culture. Sometimes clients may disagree with their goals and policies. Customers may also experience problems with communication, monitoring, and supervision (Kern and Willcocks 2000).

**Partnership and Alliance Theory**

According to Lambe et al (2002), an alliance can not be achieved by itself in order to achieve interoperable revenue in a collaborative (intangible or intangible) way with two or more companies. There are three main reasons for influencing outsourcing decisions such as cost savings (economy), drastically reducing operational (strategic) performance, and capacity building. In today's highly competitive world, companies are engaged in outsourcing cross-border services (Kedia and Lahiri 2007). This is called tactical partnership, allowing clients to get better service with less capital expenditure. This is known as the outsourcing partnership of the first generation workforce (Brown and Wilson, 2005).

Another type of partnership is a strategic outsourcing partnership (Kedia and Lahiri 2007). The goal of outsourcing is a fundamental change in cost reduction and value improvement. The added value of strategic partnerships stems from long-term relationships with some of the best integrated service providers (Quinn, 1999). Brown and Wilson (2005) called this partnership a second-generation outsourcing. Another type of partnership is the Transformation Outsourcing Partnership (Kedia and Lahiri 2007). Brown and Wilson (2005) called this a third generation outsourcing partnership. This means that the customer's business performance is improving rapidly. Linder (2004) noted that the nature of partnership can be a powerful force for cooperation between customers and sellers. Otherwise, it can be considered as an ally in the competition of market share and competitive advantage. One of the main drivers of this type of partnership is to increase the need for risk sharing, flexibility and commercial innovation.

The analysis shows that the growth of outsourcing practices depends on value-added versus low value-added services, and that the relationship between customers and suppliers is determined by partners rather than by buyers and sellers. Instead of the win-lose strategy, a win-win strategy is achieved because the customer and the provider maintain an equal relationship.

**Trend of outsourcing**
The BPO and KPO industries have shown encouraging growth in recent years. According to IDC (2007), the total value of BPO was $ 300 billion in 2004 and $ 120 billion in 2006.

The OPL industry has grown globally, generating $ 7.7 billion in revenue in 2003-04 and increasing to $ 15.8 billion in 2006-07, an annual growth rate of 27%. The OPL industry is expected to grow 26% annually and generate $ 39.8 billion in revenue by 2010-11 (NASSCOM 2007).

KPO is expected to reach $ 16.7 billion in revenue by 2010-11, an average annual growth rate of 39% and an estimated 350,000 professionals by 2011 (Evalueserve 2007a). The industry employs 34,000 people in 2003-2004 and 106,000 in 2006-2007. The KPO industry's ability to help small and medium-sized enterprises (SMEs) can grow faster. Evalueserve (2007b) estimates that around 10% of the approximately 10 million US and European SMEs will benefit from KPO services in a short time, with reduced complexity, the ability to compete effectively with large and small competitors, flexibility to invest Short market. The benefits of The high and rising costs of BPO and KPO industries can motivate companies to work with third-party vendors to provide complementary technology and manage the workload of KPO services.

This trend can change because many companies can move from a fixed-cost model to a variable-cost model in the near future and start working with multiple suppliers in many low-cost countries. This allows you to transfer your business from your own unit to a third-party vendor. Many South Asian nations will play an important role in this regard in the future. This is also true for India, where the country has become a leader in offshore services (AT Kearney 2004). The IT-BPO industry in India is expected to have $ 60 billion in exports and $ 7 to $ 7.5 billion in software and services revenues by 2010. It employs approximately 2.5 to 3 million professionals directly in this growing sector and represents approximately $ 10 to $ 15 million in direct investment by 2010 and contributes 7 to 8% of national GDP (NASSCOM 2009). Here is an attempt to explain the trend of outsourcing in India.

Outsourcing trends in India

As mentioned earlier, many Southeast Asian countries play an important role in the BPO and KPO industries. India is a leader in activities such as Southeast Asian countries.

Exports of software and services (including computer ports, BPO, engineering services and relocation of R & D and software products) reached $ 47 billion, accounting for nearly 66% of IT-BPO revenues in India in 2008-09. High Tech / Telecom, which together accounted for 61% of Indian IT-BPO exports in 2008-09, once again dominated India's largest IT-BPO export market in financial, financial and insurance services (NASSCOM 2009). Table 1 shows recent trends in India's exports. IT-BPO services represent IT services, BPO, engineering services, R & D, software products and hardware. The growth rate given above signifies the year-over-year growth rate. Table 1 shows that IT-BPO India grew by 33% between 2007-08 and 2008-09, during which the hardware grew by 41% and BPO by 32%. However, the national turnover rate in 2007-2008 was 12.8%. The figures in Table 2 show the end of the income previously earned by India.

In the other overseas market categories, India's incomes show a gradual trend (Table 3). Of all the services, customer service generated up to 32% of turnover, while management and finance accounted for 18%, content development (14%), payments and services (13%) and 3.5%
Advantages and disadvantages of outsourcing

Outsourcing has advantages and disadvantages. Some of the benefits of outsourcing are increased flexibility to respond to changes and shocks, new technologies, and unwanted demand. Businesses need greater capacity and flexibility to rapidly develop new technologies in most services (Carlson 1989, Harrison 1994). Outsourcing may offer greater flexibility than a vertically integrated organization (Carlson 1989, Domberger 1998, Harrison 1994). Outsourcing also reduces product / process cycle times because customers use multiple vendors to achieve superior results. These suppliers are usually experts in a specific field and can contribute more to improving field know-how by providing a higher quality input than a typical individual supplier or customer (Quinn and Hilmer 1994).

One of the main benefits of outsourcing is that the client company provides services by reducing costs. On the other hand, provider countries have some advantages in reducing unemployment and improving the quality of life. Relational perspectives on outsourcing emphasize mutual understanding of common goals and processes and decisions between customers and suppliers (Dyer and Singh 1998). Therefore, for customers, understanding the end product of the vendor for the BPO market can be an important factor in the partnership. For example, problems such as human resources, technology and training can have a direct impact on the client's work. Competitive business process outsourcing markets also enable customers to gain competitive advantage, make strategic ownership decisions, and build long-term relationships with suppliers. Some multinational companies have established their own outsourcing operations in other overseas regions known as the "Captive BPO Center" to help understand the challenges and opportunities of the BPO industry.

Unlike the benefits, outsourcing faces several disadvantages. Sometimes, the client company does not recognize the hidden costs of outsourcing. Sometimes even a client company loses control of important features and ends up destroying relationships in short-term contracts. Vendors contracted with low tender rates to reduce the morale of their permanent staff (Currie and Willcocks 1997, Kliem 1999). Businesses fail to innovate because most essential services are taken from outside (Domberger 1998). According to a survey conducted by PAC Consulting Group (PACG) among 1,000 managers worldwide, only 5% of companies have achieved high profits in subcontracting (PACG 1996). In contrast, according to the same study, 39% of cases were "normal". This is contrary to the popular belief that outsourcing is always beneficial. The discovery of outsourcing abroad has identified a wide range of issues, including cultural diversity, accents, language abilities, contractual issues and the fear of lower service levels (Tapper 2004, Walsham 2001). Pretzlik (2003) predicts that at least 2 million jobs are threatened by business trips abroad, as the organization plans to transfer its work abroad. By 2015, US outsourcing companies will have $135 billion in lost wages and 3.3 million professionals (2005 business standard). Geary (2004) predicted that all essential tasks that could be performed under the contract will be compensated in the coming years. He also said that about 11% of US jobs (about 14 million jobs) are traveling internationally in key areas such as US call centers, IT operators, data entry, programming, business and finance. Support, assistant and legal support, diagnostic assistance services, accounting and bookkeeping. Other results also predicted a worrying loss of technical IT knowledge, and the average fall in
Evolution of Offshore Outsourcing In India
Dr. Ashok Singh

wages was another success for offshore outsourcing countries. Robinson and Kalakota (2004) reported that the average salary of the program in the United States increased from $70,000 to $100,000 per year to $40,000 - $50,000 due to outsourcing. These results reinforced negative emotions about offshore supply. For example, Connecticut in the United States introduced the US Workers Protection Act, which prohibits the use of federal funds for offshore operations (Thibodeau 2004). Similarly, Washington has regulations that state agencies use foreign suppliers (King 2004). Some state agencies in the United States had to abandon their contracts abroad because of the public disposition. The New Jersey Department of Human Services has hired electronic funds in Scottsdale, Arizona to electronically process social assistance benefits. In 2002, eFunds moved its call center from Green Bay in the United States to Mumbai, India. There was a political call for eFunds to move the call center to New Jersey, USA, and an additional $885,600 per year (Lyne 2003). Another example is the Tata Consultancy Serices (TCS) of Indiana and India's $15 million computer contract. TCS's contract offers were $8.1 million lower than the most competitive national offers (Press Trust 2003 in India). Recent US science graduates are no longer looking for IT jobs because they think there are no IT jobs in the United States. A recent report from the Gartner Group predicts that by 2010, 15 percent of IT workers will be excluded from employment. US President Barack Obama has signed a bill banning bribes related to the hiring of foreign H-1B visas. This may have a negative impact on immigrants working in the United States under the H-1B visa program. On July 4, he announced that he would impose a tax on the business abroad. The administration plans to crack down on tax loopholes, change the backlog and crack down on global financial institutions that hide US tax revenues (Javers 2009).

Indian drivers and outsourcing challenges

Several factors influence the demand for outsourcing. Only a small part of the organizational pyramid has performed high-level critical knowledge work. As a result, KPO could not achieve economies of scale. The KPO process is typically fragmented between Locations (LOC) and business groups and is difficult to isolate and group for relocation. The success of this activity requires a huge offshore experience and rigorous methodological development.

More and more IT-ITES and BPO companies in India are entering KPO's high-end business to expand their service portfolio, helping to avoid petitions from other service providers in low-cost emerging destinations. It not only highlights the availability of technology at the macro level, but also the availability of various skill sets at specific locations. High-income and related investments in the KPO and other sectors of the ITES generate significant amplification effects through business and residential investment in construction, retail, business and services government. This multiplier effect creates two or three jobs in different sectors for all jobs created directly in the KPO (ICFAI Research Center Report 2008). In addition, the KPO boom has a positive impact on overseas economies.

Recruitment and the current lack of knowledge-intensive sectors of advanced knowledge of skilled professionals is increasingly difficult in the high wages of the developed countries of the company. On the basis of the strict offshoring of immigration regulations of these advanced services is the only solution for companies that face a shortage of skilled labor. In addition, companies are reducing costs to remain globally competitive and shorten time to market for services and products. Offshoring high-end service guarantees that not only to guarantee these benefits depends on intellectual property
rights for high-end foreign (KPO) buyer services. Creating value for customers, reducing costs and maximum load absorption, reducing complexity, speeding up the processing cycle, such as access to overall quality are some of the benefits that are briefly described below affect the outsourcing.

**Valuable creation**

The maximum share of value creation goes back to the client to outsource work (Evalueserve 2005). India offers significant benefits for our customers. This can result in lower costs, better quality and improved competitiveness. It can also realize benefits such as improved performance through outsourcing processes, competitive advantage, directly proven business direction, leveraging technology, and corporate resources; improve customer satisfaction (Ang and Straub 1998, Corbett 1998). This benefits not only, but not in a position of the company for a specific customer that allows to adequately analyze the cost-benefit ratio of a particular service will result in reports are disadvantages because it reduces the result (Kumar 2001).

**Lower the costs**

India provides a cheap and quality labor force and offers an important opportunity to re-borrow from the workforce. The outsourcing process is facilitated that the total cost of labor in India has decreased by about 40-70% compared to many developing countries, depending on the type of outsourcing of jobs (Evalueserve 2005). Average US $ US MBA salary is 85,000, in India and US $ 12,000, so the potential savings of 85%. About $ 80,000 in the United States represents about $ 16,000 in India. The cost difference is outsourcing services in India to the United States, Europe and some of the leading companies in a charming place. The researchers also have to increase outsourced profitability and operational efficiency (Aron et al., 2005), cash flow and efficiency (Varadarajan and Cunningham 2006, Vollenweider 2005) and found by ensuring the funding of key sectors (Ang and Straub 1998, Claver and 2002 Hall and Liedtka 2005, Vollenweider 2005). Sometimes customers can not evaluate the hidden costs of the contract and ultimately can not obtain the appropriate benefits. Increases in wages will result in higher costs Indian workers are relocating to India decreases (Nicholson et al., 2006).

**Absorb the peak load**

Another advantage of moving third party services abroad is that they have additional flexibility. Companies outsource jobs in BPO or KPO vendors and rarely use the infrastructure without sewooji its own workforce. This burden is transferred to outsourcing companies, customers, the company will focus more on the core functions (Apte et al., 1997).

**Reduced complexity**

Offshoring also helps BPO providers reduce complexity. Organizations can significantly reduce the complexity associated with large-scale management of the HR pool and knowledge development. Training, motivation and retention of employees again require critical management efforts. Organizations can transfer this burden outsourcing to BPO vendors and focus on core business processes. Outsourcing also helps reduce risk and the complexity has been used to increase responsiveness to market changes (Lau and Jianmei 2006, Vollenweider 2005). Despite all the advantages, due to the loss of control and the loss of core technologies are less attractive outsourcing process.

**Acceleration of process cycles**

This is achieved by shortening the cycle of the product. Reducing the product lifecycle gives
customers the competitive edge they need. Outsourcing non-core businesses to specialized companies that can process these processes more efficiently, quickly and efficiently can speed up the processing cycle and reduce the turnaround time for these services. BPO service providers have a skilled workforce and excellent infrastructure, so you can shorten your time. Time zone differences also offer strategic advantages. The United States and India have an average time difference of 12 hours. As a result, Indian suppliers overseas can provide 24-hour virtual access to US customers (Apte et al., 1997).

**Access to global reach**

The globalization of the service economy outsourcing the needs of businesses. Offshore service providers often recognize the need to go beyond borders and to exist on a global scale. The installation of an offshore unit includes investments in infrastructure, infrastructure and human resources. These costs can be significantly reduced through outsourcing activities to BPO providers. Many researchers have confirmed that outsourcing can help access resources and create global perspectives (Corbett 1998, Hall and Liedtka 2005, Vollenweider 2005). On the contrary, the lack of flexibility and the difficulty of obtaining organizational support are some of the problems that companies face when they go abroad.

**Solutions for small businesses**

SMEs benefit most from outsourcing tasks to third-party vendors. Small and medium-sized enterprises are generally small and also have high overhead costs because they do not fully realize economies of scale. Small businesses can outsource certain activities to avoid initial installation costs and associated fixed costs. This will help these companies to increase the estimated net worth (NPV) of the project and, in some cases, to convert the NPV from negative to positive(5). As a result, projects that were not previously possible can generate revenue through this outsourcing (Evalueserve 2007a).

**Access to quality standards**

The BPO industry in India has achieved global standards in terms of quality. According to NASSCOM and quality assurance, ITES-BPO India is analyzing the main operational issues related to the global industry; India BPO organizations have a 82-100% satisfaction range and a 98-100 quality range % (NASSCOM 2007). This is mainly due to the supply of English-speaking BPO Indian workers and talented and technically qualified staff. India has 24 CMM Level 5 certified companies in 49 countries (Kobayashi and Hillary 2005)(6). ITES industry in India attracts more qualified and qualified people than people in their parenting positions. As a result, Indian overseas centers could have significantly changed the quality and productivity of processes relative to their parental positions (Currie et al., 2008). This helps to promote competitive advantage by using the skills and resources of the firm (Ang and Straub 1998, Corbett 1998, Prahalad and Hamel 1990, Quinn and Hilmer 1994, Vollenweider 2005).

Despite all these efforts, this option is not attractive at all times and anywhere because of the inadequate functionality of the service provider. Client companies and suppliers can come from different countries and cultural issues can be another important problem. Cultural differences can make it difficult to work together. (Stefanick 2007), an unstable political environment, high dropout rates, increased demand for skilled workers and competition from other countries (Kumar 2001) The challenge is in India. The fear of unemployment and the reduction of outsourcing abroad also contribute to the United States and India. New
laws are being introduced to remove relocated ships and save jobs for employees in the United States.

Outsourcing research clearly shows that the fundamental importance, nature and diversity of outsourcing has changed over the years and that organizations are starting to adopt more strategic and aggressive measures to outsource. Outsourcing practices are popular in the added value of complex work that provides opportunities for competitive advantage and, ultimately, adds value to suppliers. Changes in the relationship between customers and service providers are a recent development. The essence of outsourcing evolves from alliances and buyer-seller-neighborhood alliances. Alliances and alliances work together to better leverage the benefits of outsourcing and to improve technology or competitiveness in a dynamic and changing business environment to bridge the gap (7). There are several factors in a successful outsourcing relationship. Factors such as understanding the customer's object of the provider (Gonzalez et al., 2005); (Kim et al., 2007) play an important role in outsourcing, as trust between clients and service providers is affected by perceived risks and perceived benefits. Cultural differences in power distance, IS designer values and active or passive attitudes have a crucial impact on many aspects of relational quality, thus affecting the success of offshore outsourcing. Clear definition of roles and mechanisms, strong leadership, and aggressive cultural management by adapting to the national culture of the client or provider appeared to be an effective way to manage cultural differences (Winkler et al., 2008). Outsourcing has proved particularly economical in the short term. At the same time, you can hide the cause of poor quality and difficulty. However, problems can be solved later and overcome the short-term benefits of outsourcing (Kavi and Tavar 2008).

**Conclusion**

Outsourcing is a decision to reduce costs and increase the competitiveness of your business. Other theories such as transaction cost theory, agent theory, resource-based perspective, relationship theory, partnership and alliance theory have attempted to explain outsourcing to foreign. Cost savings were the main motivation for offshoring in the early stages. As the development of offshore outsourcing and capping and maturity of service providers grow, the complexity, added value and, in some cases, work related to the core competencies are offshore. The relationship between the customer and the supplier is getting closer and you can not easily identify the type of buyer / seller relationship. Overseas outsourcing to developing countries continues to grow at a CAGR of 27% between 2003-04 and 2006-07, and India is still at the top of offshore service providers. Reduced shipping costs, reduced real estate costs, reduced costs for skilled workers, efficient communication systems and high quality standards have stimulated the rapid growth of Indian outsourcing. Small and medium-sized enterprises have also performed well in India. Many studies have described the brilliant future of outsourcing outsourcing specifically in the context of India. On the other hand, the current economic crisis has begun to have a negative impact on Indian outsourcing services. The future of outsourcing is not as expected before 2008. Many research institutes and economists identify several new sites and present innovative models that allow many people to overcome the temporary stages of outsourcing and recession. The future of India's outsourcing relies heavily on innovation and effective management of the sector, at least in the current global recession.

**References**

1. Tate wl, Ellram Lm, Bals L, Hartmann E. Offshore outsourcing of services: An
Evolution of Offshore Outsourcing In India
Dr. Ashok Singh


3. Lincoln U. Expatriate Managers’ Cultural Intelligence as a Promoter of Knowledge Transfer in Multinational Companies.


6. Hilbert C. How to combine global and Localsourcing in the pharmaceutical sector? Patterns of an industry.