



STUDY OF BUSINESS PROCESS OUTSOURCING (BPO): EVIDENCE FROM GARMENT MANUFACTURING COMPANIES IN COLOMBO DISTRICT

Dilshani A.K.D.N., Veenavi W.H.U. and Herat U.L.*

Wayamba University of Sri Lanka, Sri Lanka

ulherat@yahoo.com

Some companies consider doing their core and non-core activities in-house and other see it more profitable to get it done from other expert companies. So, outsourcing has become very crucial in most firms 'corporate decisions'. Today's organizations require rapid growth, and most organizations require a service provider with new capabilities, and numerous modes in delivery of content. This has encouraged most firms to outsource some of their non-core activities to remain competitive. But most of the companies still spent their important resources for non-core activities. Therefore this study intended to analyze the reasons for Business Process Outsourcing (BPO), its benefits and challenges. The study was made on a selected sample and senior level managers of 5 client companies that have already outsourced and 5 outsourcing vendors were selected by using convenience sampling method. Study was adopted questionnaires method to gather necessary data. Mean, Standard Deviation, and Person's correlation coefficient were used to analyze data. The activities outsourced were indicated to be accounting, support, distribution, production, human resource activities, logistic, advertising, design and technology services. Companies are increasingly looking for outsourcing to save time, process and cost advantages. Because of outsourcing firms can compete effectively in the market place due to firms would benefit from decrease in operating costs, focus on core business and therefore achieve improved customer satisfaction, timely delivery of services to clients, faster response to customer demands, reduced commitment to full-time human resource expenses, improved quality of products, reduction of capital investment, improve the employees technical knowledge, brought about specialized industry knowledge, good expertise knowledge for the project. Challenges as high incremental charges for the work they do extra, cost of delayed delivery or not delivering, vendor failure to deliver, leak of confidential information, privacy and integrity issues, loss due to disasters and recovery costs, disclosure of commercial secrets, interest conflicts with outsourcing partners and quality problems may occurred.

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