

BENEFIT AND RISK OF CONTACT CENTER

BUSINESS PROCESS OUTSOURCING :

A Study of Contact Center Customer in Indonesia

Mimbar Murdiyati, Maya Ariyanti

Program Magister Manajemen Bisnis Telekomunikasi, Universitas Telkom

Abstract

The growth of the contact center market in Indonesia 2011-2012 by 20-30%, has created fierce competition in Indonesia contact center industry. Contact center service providers are required to maintain and increase market share, particularly through an increase in spending from existing customers. This study was conducted to explore the interests of existing customers to increase spending contact center outsourcing business processes using the Perceived Risk-Benefit Business Process Outsourcing Adoption Model [8]. Purposive sampling questionnaire distributed to people involved in the buying center. Statistical testing using structural equation modeling (Structural Equation Modeling - SEM) type Partial Least Square (PLS). Hypothesis test results, there are seven (7) variables significantly influence the intention to increase the level of business process outsourcing contact center that is perceived risk (financial risk and strategic risk) and perceived benefits (focus on core competencies, access to specialized resources and quality improvement). The influence of perceived risk proved significant with a negative coefficient of -0.223 and perceived influence proved significant benefit with a positive coefficient of 0.602. The results showed that the model of this study are included in the category of moderate ($R^2 = 0.404$). The majority of respondents perceive agree to the intention to increase the level of business process outsourcing contact center, by a factor of perceived benefit more powerful effect to the intention to increase the level of business process outsourcing contact center than perceived risk factors.

1. Introduction

The high market potential Contact Center (CC) in Indonesia, has prompted a growing number of outsourced contact center services provider and has created intense competition in the contact center market in Indonesia. Data ICCA (Indonesia Contact Center Association) states that there are more than 30 (thirty) contact center services provider in Indonesia. Business continuity services provider contact center is based on the decision of firms / agencies in organizing outsource its contact center. To that end, the main factors that are considered by the company / institution to behavioral tendencies, intentions or any decisions related to outsourcing contact center into things that need to be learned and understood by the contact center service providers.

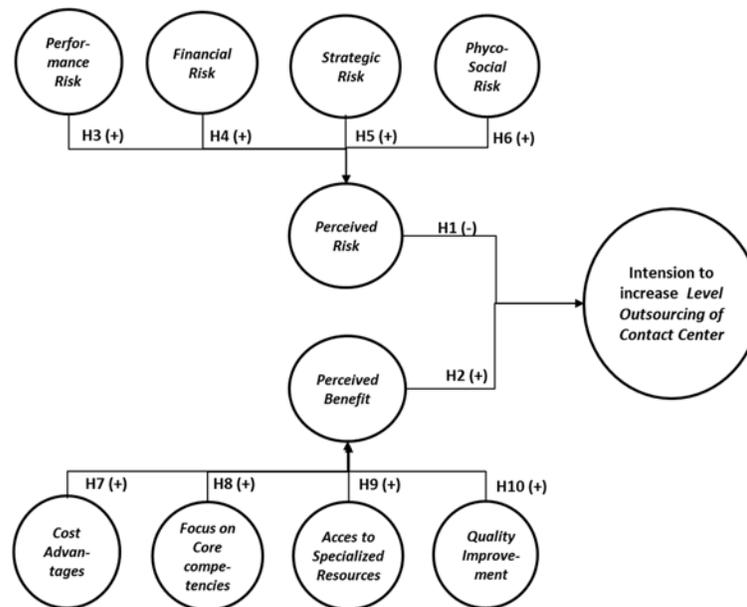
This study aimed to describe the respondents' perception of the factors perceived benefits, perceived risk and customer intention to increase the level of business process outsourcing contact center, find out if the perceived risk factor significant negative effect on the intention to increase the level of outsourced customer contact center business processes and determine whether factors perceived benefit significantly positive effect to the intention to increase the level of customer contact center business process outsourcing. Results from this study are expected to predict that the factors of benefit and risk factors in one of the models adopted Business Process Outsourcing previous studies, may be enforced in the intention to increase the level of business process outsourcing contact center. From this research is also expected to contribute to filling the gaps (gap) where the writing or literature related customer intention to increase the level of business process outsourcing contact center. Operational variables in this study is 1 (one) dependent variable, namely the intention to increase the level of business process outsourcing contact center, 2 (two) interdependent variables, the perceived risk and perceived benefit and there are eight (8) independent variables, ie each four (4) independent variables which affect the perceived risk and perceived benefit. Respondents who planned to fill out the questionnaire is the person responsible and or influence the company's decisions clicking outsourced its contact center.

Respondents were chosen is a level supervisor, manager or above level, which is "in charge of the business function" contact center and part of the buying center. Thus, in this study, respondents per service enables more than 1 (one), with function as users, initiators, buyers, influencers, approvers, and deciders. Researchers limit the maximum number of respondents per service are 3 (three) of respondents, with the assumption that some functions may be concurrently person in charge of buying center.

2. Theory / Methodology

Outsourcing in the broadest sense is a step the company to use the services of another company in conducting one of the activities such as debt collection, accounting, information technology development and others (Indrajit & Djokopranoto, 2005: 242). "Outsourcing is a management strategy by the which an organization delegates of major, non-core business functions to specialized and efficient (Corbett, 1999). So, outsourcing is part of the company's strategy to delegate / outsource non-core functions-business outsourcing services provider. Sharpe (1997) the Harland et al. (2005), states that the definition of outsourcing "as turning over to a supplier Reviews those activities outside the organization's core competencies chosen".

The implementation of contact center can be done with internal resources and external (third party / ource). Thomson et. Al (2014), states that "Outsourcing the performance of the selected value chain activities to outside vendors enables a company to heighten its focus strategy "...The object to be examined are existing customers who already outsource contact center services with a focus on the influence of perceived risk and perceived benefit to the intention to increase the level of business process outsourcing CC. The model to be used in this research is the perceived risk-benefit BPO adoption models [8].



Perceived Risk-Benefit BPO adoption Model
 Source : Adjusted from Gewald dan Dibbern (2009)

Distributing questionnaires conducted via email and hardcopy to the person in charge of contact center services in one of contact center service provider. Based on the screening questions respondent data, it can be seen that the number of valid respondents that can be used for further data processing, namely 121 valid respondents. Respondents declared invalid if the company / institution has hosted contact center services are outsourced, at the same time that the people who responded to the questionnaire are those who play a role in providing input / recommendation or take a decision on the operation of the contact center. The number of contact center services of valid respondents in this study consisted of 75 service contact center with the representation of respondents per service as much as 1 (one) to 3 (three) respondents. If seen from the number of companies / institutions conducting respondents valid contact center in this study were a total of 44 companies / institutions.

Descriptive statistics are statistics used to analyze the data in ways that describe or depict collected data as it is without intending to apply to the general conclusions or generalizations (Sugiyono, 2013: 199). In this study, descriptive statistics that will be used is frequency distribution tables and analysis of linear continuum Evaluation of the measurement model is often called outer models performed to assess the validity and reliability of the model. Evaluation models to show how indicators could represent the construct variables. Outer models will be evaluated through convergent and discriminant validity of the indicators forming konstruk latent and composite reliability and cronbach alpha to block indicator. (Chin 1998; in the book and southern Ghozali, 2015: 19). Evaluation

of Structural Model (Inner Model) is performed to measure the relationship between variables construct. Inner models are evaluated by looking at the amount of R-square for each endogenous latent variables as the predictive power of the structural model.

3. Discussion

Intention to increase the level of business process outsourcing CC perceived "agreed" by the respondents, the percentage score of 74.4%. This shows that the willingness to increase the level of business process outsourcing CC, either because there is an attractive offer, as well as its willingness in the future to increase the level of business process outsourcing CC.

Variable perceived risk in the category "do not agree", with a percentage of average total score of 51.6%. This suggests that the perceived risk to variable, the majority of respondents disagree with the statement that the implementation of contact center outsource company will be at risk. Thus, it can be concluded that the respondents had outsourced the operation of contact center services provider, assume that outsourcing business processes CC tend not at risk. The variables that affect the perceived risk, is divided into two (2) respondents' perception, that perception as a high risk and risk perception as neutral. Perceptions of respondents as there is a high risk variables on performance variables risk (average score of 51.3%) and financial risk variables (average score of 50.3%), while the perception of the respondents as a neutral risk variables exist on strategic risk variables (average -rata score of 59.8%) and psychosocial variables risk (average score of 65.2%).

Variable perceived benefit "agreed" by the respondents with an average total score of 77%. This shows respondents perceive agree that the implementation of outsource contact center provides many benefits, useful for the management of the company, and become a useful strategic choice. Against the variables that affect the perceived benefits, respondents agreed on the benefits of business process outsourcing CC is variable access to specialized resources (average score of 76.8%), focus on core competence (average score of 75.7%), and improve quality (average score of 73.6%). While the variable cost advantage is perceived as a benefit "neutral" with an average score of 65.2%

The influence of perceived risk to the intention to increase the level of business process outsourcing CC proved significant negative correlation, ie -0.223 at 99.5% confidence level. It is indicating that the lower the perceived risk, the higher the customer's intention to increase the level of business process outsourcing CC. Based on this research R² value, perceived risk can be predicted only 11% of all the four factors shaping it. This can be caused by several possibilities, where one possibility is perceived risk variables examined in this model have not accommodate the risks in accordance with the potential "risk" faced by the organizers of the contact center is outsourced. By comparison, Jain and Natarajan (2011), in the study Information Technology (IT) Outsource, adding the factor of "roadblock" as a factor of "not directly risk", such as "roadblock" to the resistance of the union's internal company employees and so on.

Furthermore, to find out about any variables that influence the perceived risk, the results of this study indicate that the strategic variable risk and financial risk are the variables that significantly influence the perceived risk. Risk variables most correlated to the perceived risk are strategic risk with path coefficient +0.250 and financial risk to the path coefficient +0.144. While the performance risk and psychosocial risk proved significant effect on perceived risk.

Hypothesis test results with 99.5% confidence level indicates that the perceived benefit variables influence significantly the path positive coefficient of 0.602. Thus, any increase in perceived benefit equal to 1 it will raise the level of customer intention to increase the level of business process outsourcing CC amounted to 0.602 levels. This shows that the higher the perceived benefits of the higher customer intention to increase the level of business process outsourcing CC. Perceived benefits have R-values of 0.710 squares are included in the category of robust models, so the perceived benefit in this study can predict 71% through variable quality improvement, focus on core competencies, access to specialized resources and cost advantage, while the remaining 29% are influenced by Other variables outside the research. The results showed that the variables improve quality, focus on core competence and access to special resources are variables that significantly influence the perceived benefit.

Variables that predicted effect to the intention to increase the level of business process outsourcing CC in this study consisted of 10 (ten) variable. However, based on this research hypothesis testing, there are only seven (7) variables have a significant effect, namely variable between perceived risk and perceived benefit, as well as the independent variable financial risk, strategic risk, and focus on core competencies, access to specialized resources and quality improvement. As for 3 (three) other independent variables, namely performance risk, psychosocial risk and cost advantages no significant effect on the intention to increase the level of business process outsourcing CC. The following is a summary of the results of descriptive and hypothesis testing research:

Summary Table :

VARIABLE	% Score	Category	Path Coefficient	t	t-Table	Significant Level	Result	R2
INTENTION TO INCREASE Outsourcing Contact Center	75.4%	Agree						40%
PERCEIVED RISK	51.6%	Not Agree	-0.223	2.811	2.617	99,5%	Significant	11%
PERFORMANCE RISK	51.2%	High	0.040	0.303	1.289	90.0%	Not Significa	
FINANCIAL RISK	50.3%	High	0.144	1.311	1.289	90.0%	Significant	
STRATEGIC RISK	59.8%	Neutral	0.250	2.105	1.980	97.5%	Significant	
PSYCHOSOCIAL RISK	64.6%	Neutral	-0.054	0.387	1.289	90.0%	Not Significa	
PERCEIVED BENEFIT	76.9%	Agree	0.602	10.458	2.617	99,5%	Significant	71%
COST ADVANTAGE	65.2%	Neutral	0.042	0.765	1.289	90.0%	Not Significa	
FOCUS ON CORE COMPETENCE	75.7%	Agree	0.322	4.060	2.617	99,5%	Significant	
ACCESS TO SPECIALIZED RESOURCES	76.8%	Agree	0.246	2.970	2.617	99,5%	Significant	
IMPROVE QUALITY	73.6%	Agree	0.362	3.820	2.617	99,5%	Significant	

4. Conclusions

Based on descriptive analysis, this research respondents perceive agree to variable intention to increase the level of business process outsourcing CC with an average score of 75.4%. Variable perceived risk perceived disagree with an average score of 51.6%, while the variable perceived benefit is perceived to agree with the benefits of business process outsourcing CC with an average score of 76.9%. The variables that influence the perceived risk consists of variable perceived as a high risk that the performance of risk and financial risk, while two other variables perceived as neutral risk that strategic risk and psychosocial risk. Respondents agreed perceived benefit / benefits outsourcing business process variable CC for access to specialized resources, focus on core competencies and improve quality, while cost advantage is perceived as a benefit "neutral". The lower the perceived risk, the greater the influence on the intention to increase the level of business process outsourcing CC. Hypothesis perceived risk proved significant at 99.5% confidence level with a negative coefficient is -0.223. Perceived risk factors significantly influenced positively by strategic risk variables (+0.250) and financial risk (+0.144).

The higher the perceived benefits of the higher influence on the intention to increase the level of business process outsourcing CC. Perceived benefit hypothesis proved significant with a positive coefficient of 0.602. Factors perceived benefit significantly influenced positively by the variable quality improvement (+362), focus on core competencies (+322), and access to specialized resources (+246). Perceived benefits have R-values of 0.710 squares are included in the category of robust models, so the perceived benefit in this study can predict 71% through variable quality improvement, focus on core competencies, access to specialized resources and cost advantage, while the remaining 29% are influenced by Other variables outside the research. Thus the results of the study showed that the effect of perceived benefit to the intention to increase the level of business process outsourcing CC stronger than the perceived risk. The ability of the model used in this study to predict the effect of risk and benefit to the intention to increase the level of business process outsourcing contact center is 40.4%.

This limits the study population only in one market leader in contact center service providers, so that further research could be developed for populations throughout the contact center providers, so that research conclusions can be formulated as a conclusion of the study in the contact center industry in Indonesia. In addition, the number of population and sampling wider then the withdrawal of the conclusions of research can be done by industry, the number of seats per service group, per city and so on.

The variables in this research model can only predict 40% intention to increase the level of business process outsourcing CC, it is necessary to research the development of a more comprehensive research model that not only consider the factors associated among customers with contact center service providers, but also other factors that are indirect. Formulation research model should be a separate research (eg qualitative), which recently conducted further research to customers contact center. Thus, the expected ability of the model to predict the dependent variable could be higher than this study.

Further research can also be directed to the company / institution that is not currently held by outsourced contact center against the tendency of interest to outsource, so that research results can be complementary and combined with research on companies / agencies that are now held in outsourced contact center. From both of

these studies are expected to be known by the whole of the interest / market trends in Indonesia towards the implementation of contact center outsource.

References

- [1] Agndal, Henrik and Nordin, Fredrik, (2009), "*Consequences of outsourcing for organizational capabilities*", *Benchmarking: An International Journal*, Vol. 16 Iss 3 pp. 316 - 334
- [2] Boer, Luitzen de, Gaytan, Juan and Arroyo, Pilar, (2006), "*A satisficing model of outsourcing*", *Supply Chain Management: An International Journal*, Vol. 11 Iss 5 pp. 444 – 455
- [3] Christine Harland Louise Knight Richard Lamming Helen Walker, (2005), "*Outsourcing: assessing the risks and benefits for organisations, sectors and nations*", *International Journal of Operations & Production Management*, Vol. 25 Iss 9 pp. 831 - 850
- [4] *Contact Center Definition*, <http://searchcrm.techtarget.com/definition/contact-center> [accessed February, 20 2015]
- [5] *Complete Contact Center*, <http://www.pcmtechcenter.com/managed-services/complete-contact-center/> [accessed Jun 7th 2015]
- [6] Duening, Thomas N and Click, Rick L (2005), "*Essentials of Business Process Outsourcing* "
- [7] Gewald, Heiko et.al, (2006), "*The Influence of perceived risk on banking managers intention to outsource business processes – a study of the German Banking and Finance Industry*", *Journal of Electronic Commerce Research*, Vol 7, No. 2,2006
- [8] Gewald, Heiko and Dibbern, Jens, (2009) *Risk and Benefits of business process outsourcing : A study of transaction services in the German banking industry*, *Information & Management* (2009) 249-257
- [9] Gewald, Heiko, (2010) "*The perceived benefits of business process outsourcing: An empirical study of the German banking industry*", *Strategic Outsourcing: An International Journal*, Vol. 3 Iss: 2, pp.89 – 105
- [10] Hair, F Joseph Jr et.al, (2010), "*Multivariate Data Analysis, a global perspective*" (Seventh Edition), *Upper Saddle River, New Jersey 07458*, Pearson Education, Inc
- [11] Indrawati (2015), "*Metode Penelitian Manajemen dan Bisnis , Konvergensi Teknologi Komunikasi dan Informasi*" (Cetakan Kesatu). Bandung : PT Refika Aditama
- [12] Indrajit, R Eko & Djokopranoto, Richardus , (2005) "*Strategi Manajemen Pembelian dan Supply Chain , Pendekatan terkini, Pembelian terkini untuk Menghadapi Persaingan Global*". Jakarta : PT Gramedia Widiasarana Indonesia
- [13] *ICCA Indonesia Contact Center Association*, (2012) *Indonesia Contact Center Industry Reference Book* . Jakarta : PT Infomedia Nusantara
- [14] *ICCA Indonesia Contact Center Association*, (2013) *Indonesia Contact Center Industry Reference Book* . Jakarta : PT Infomedia Nusantara
- [15] *ICCA Indonesia Contact Center Association*, (2014) *Indonesia Contact Center Industry Reference Book* . Jakarta : PT Infomedia Nusantara
- [16] Iftida Yasar (2012), "*Outsourcing Tidak Akan Pernah Bisa Dihapus*"
- [17] *Indonesia Call Center (Call Centre) and CRM Market Forecast: 2014 – 2018*, <http://www.researchandmarkets.com/reports/2529823/> [accessed 15 Maret 2015]
- [18] Jain, Ravi Kumar & Natarajan, Ramachandran, (2011), "*Factors influencing the outsourcing decisions: a study of the banking sector in India*", *Strategic Outsourcing: An International Journal*, Vol. 4 Iss 3 pp. 294 – 322
- [19] Kakouris, Andreas P, Polychronopoulos, George and Binioris, Spyros, (2006), "*Outsourcing decisions and the purchasing process: a systems-oriented approach*", *Marketing Intelligence & Planning*, Vol. 24 Iss 7 pp. 708 – 729
- [20] Kasturi, Rangan V & Marie, Bell (2006), *Transforming Your Go To Market Strategy*. Boston, Massachusetts: Harvard Business School Press
- [21] Kotler, Philip & Keller, K Lane (2012), *Marketing Management* (14th Edition). Edinburgh Gate Harlow, England : Pearson Education Limited
- [22] Lacity, Mary C, Willcocks, Leslie P and Rottman , Joseph W (2008), "*Global outsourcing of back office services: lessons, trends, and enduring challenges*", *Strategic Outsourcing: An International Journal*, Vol. 1 Iss 1 pp.13 - 34

- [23] Marketing.co.id, (2013) <http://www.marketing.co.id/pengembangannya-masih-seputar-call-center/> [accessed 20 February 2015]
- [24] Prahalad, CK , Hamel, Gary (1990), “*The Core Competence of the Corporation*”, *Harvard Business Review*
- [27] Prosci, (2005) , “*Strategies and plans for sucecesful call center outsourcing*”, Learning Center Publications
- [28] Quelin, Bertran and Duhamel, Franchois, (2003), *Bringing Together Strategic Outsourcing and Corporate Strategy: Outsourcing motives and Risk*, *Eroupean Management Journal*, Vol 21. No. 5, pp. 647-661, 2003
- [29] Rajiv, Piyush Sharma & Dhawan, Mathur Abhinav, (2009), “*Exploring customer reactions to offshore call centers: toward a comprehensive conceptual framework*”, *Journal of Services Marketing*, Vol. 23 Iss 5 pp. 289 – 300
- [30] Riduwan & Kuncoro, Engkos Achmad, (2008), “*Cara Menggunakan dan Memaknai Analisis Jalur (Path Analysis)*”, Bandung : Alfabeta
- [31] Rufaidah , Popy (2013), *Manajemen Strategik* (Edisi 1). Bandung : Humaniora
- [32] Sekaran,Uma and Bougie, Roger. (2010), *Research Methods for Business, A Skill Building Approach* (5th ed) , A John Wiley and Sons, Ltd, *Publication*
- [33] Sherwat, Elwan and Ibrahim, Ahmed Hanafi, (2013), “*Call center offshoring performance management*”, *Strategic Outsourcing: An International Journal*, Vol. 6 Iss 3 pp. 292 – 312
- [34] Sugiyono, (2013), “*Metode Penelitian Kombinasi Mixed Methods*” (Cetakan ke-3), Bandung : Alfabeta
- [35] Sumarno, Dani, Transcosmos Incorporation, <http://www.beritasatu.com/-ekonomi/119576-pasar-call-center-bisa-tembus-us-750-juta-di-2014.html> [accessed 20 February 2015]
- [36] Teece, D.J, Pisano, G. and Shuen, A. (1997), “*Dynamic capabilities and strategic management*”, *Strategic Management Journal*, Vol. 18 No. 7, pp. 509-33
- [37] Tibor, Kremic, Tukel, Oya Icmeli and Rom, Walter O. (2006), *Outsourcing decision support: a survey of benefits, risks, and decision factors*, *Research paper*
- [38] Thompson et.al (2014), “*Crafting & Executing strategy*”, *the quest for competitive advantage* , 19th edition, McGraw-Hill Irwin, *United State of America*