

The 3rd International Conference on Economics and Social Sciences
Innovative models to revive the global economy
October 15-16, 2020
Bucharest University of Economic Studies, Romania

**Sustainability through Learning and Development
in Outsourcing Sector**

Teodora TODORAN^{1*}, Raluca Andreea POPA²

DOI: 10.2478/9788395815072-032

Abstract

Sustainability is a goal easily called out in business presentations, not only that is a unique selling point, but mostly that is becoming one of the differentiations in any industry and furthermore, it is that one element that will create the added value to the culture of a company. Studies even claim and prove a higher market share on such companies that have adopted sustainability as a business practice. Whether we are looking at geographies, specific industries or people's preferences, we have the same common drive, which is sustainability. Businesses are facing multiple challenges, now after the recent lockdown and economical shock in dealing with the current employment context.

Our main objective for this paper is to analyse the connection between learning, development and businesses mainly for outsourcing sector and how this connection can bring sustainability to companies in the future. Moreover, based on an industry-specific questionnaire, we shall try to avail some of the practices and measures taken to predict and nurture a sustainable business for the future.

The outsourcing industry where the speed of business models, demand and client variety is in a constant change, education for the people and for the upcoming generations is a continuous focus and effort for the future of a sustainable business.

Expectations post investigation on the specificities of the service industry are that new models of sustainability towards education are being designed, implemented or in the midst of creation, to adapt to a business healthy environment.

Keywords: sustainable business, learning and development, outsourcing sector, service industry.

JEL Classification: M5, L20, L80

¹ Bucharest University of Economic Studies, Bucharest, Romania, teodora_todoran@yahoo.com.

² Bucharest University of Economic Studies, Bucharest, Romania, raluca.popa@economie.ase.ro.

* Corresponding author.

1. Introduction

Learning and development practices (L&D) in the organizations may be considered as being part of their centre of future development. Through L&D practices, companies may enable the individuals and also the companies to fulfil their personal and organizational goals. These processes render a significant contribution to the transformation of individuals and companies (Jamshid Ali Turi et. al., 2019). L&D as a field of management research and practice is concerned in terms of how individuals either singly or in groups acquire a sense of obtaining something that already exists or is created in the sense of making something completely new (Kapur R., 2020). Using L&D, individuals increase their knowledge and skills, and this will lead to an increase in their productivity and of their future occupational role. Being in a continuous learning process as an individual and as a company, it is the premise of a sustainable business model.

The current paper is going to focus on one main aspect of the business sustainability in the current context (Covid-19 context) namely the learning and development practices. As a starting point, in the current paper there will be some aspects brought into discussion with regards to the business practices and understanding of the L&D elements in wider business context and more specifically in the outsourcing sector. This will be comprised in a brief and relevant literature overview, followed by a narrowed down observation of the learning clusters in the current context and lastly, providing a visual exemplification of the current and actual transfer of knowledge flow towards the industry, which may already address the aspects of business sustainability as an overall observation.

In addition to the theoretical aspects, the aim of this paper is to analyse the responses captured through a questionnaire on the L&D activities linked to the relevant economical agents for the outsourcing industry and some findings to prepare us for the future business environment, and finally propose a new model of sustainability through L&D practices, as part of the final conclusions of this paper.

2. Outsourcing Sector in Romania

In the past years, outsourcing became an essential part of many businesses. Outsourcing is an effective business tool that can increase the efficiency of companies, the competitiveness and profitability. It helps companies to develop and evolve, regardless of their size and type of activity.

More, companies started to delegate outsource jobs to other countries, which are culturally and geographically close (Katarzyna Budzyńska, 2017). In Europe, the trend is from Western Europe to Central and Eastern Europe (CEE). Such situation can also be seen in Romania, where service centres that work for clients mainly from Western Europe started to open and Romania became a very attractive pole for outsourcing businesses. The country became a top location in EU because of the quality of workforce, the cost of doing business, the good investment climate, the flexibility of people to adapt to different business cultures, and quality of life.

Romania is the one of the leading destinations in EEC for Business Process Outsourcing (BPO), Information Technology Outsourcing (ITO), Research and Development (R&D) or Shared Services (SS). The main locations for outsourcing businesses are: Bucharest, Cluj-Napoca, Iași and Timișoara. The Association of Business Service Leaders in Romania (ABSL) reports a number of approximately 265 companies in outsourcing sector and around 125,000 employees. These numbers make Romania the second most important country in the EEC region in terms of size of outsourcing sector, after Poland.

A.T. Kearney measures every year an index that compares the outsourcing sector dynamics for 50 countries. Historically, this measure has been based on metrics within three major categories adding digital resonance in 2019 report: financial attractiveness (35%), people's skills and availability (25%), business environment (25%) and digital resonance (15%). After introducing the digital resonance variable in the index composition in 2019, Romania has worsen its rank as compared to 2017, dropping 10 positions, thus being the 7th country in EU in terms of attracting outsourcing businesses and the 28th in the world from a top of 50 countries. In 2019, Romania improved its financial attractiveness, people's skills and availability, the country environment and infrastructure and also the cultural adaptability. Romania has worsen its situation mainly because of the digital resonance variable which takes into account aspects such as: digital skills of the labour force, legal adaptability, meaning the extent to which the legal framework takes digital business models into account, the amount of corporate activity, digital outputs, including creative outputs, as well as knowledge and technology outputs.

In order to grow in ranking, Romania has to work on all these topics in the next years and this could be possible only by the support of the Government creating the appropriate legal framework and, most importantly, through learning and development practices (L&D). Taking into account the current crisis, it will be challenging for the outsourcing sector in Romania to find the perfect mix in order to evolve in a sustainable way in the future.

3. Problem Statement

Bearing in mind that we are in a context of unforeseen (future) consequences and the current status quo of the global economy is unlikely to be predicted in a certain and truly reliable design, unable to name and printout all aspects or implications due to Covid-19, this paper and topic under discussion has made an attempt to unveil some of the unknown concepts, and test the readiness and openness to the future uncertainties. More specifically, the L&D practices are taken a step further and brought to the level that has been developing for the past years, as a pillar for sustainable business.

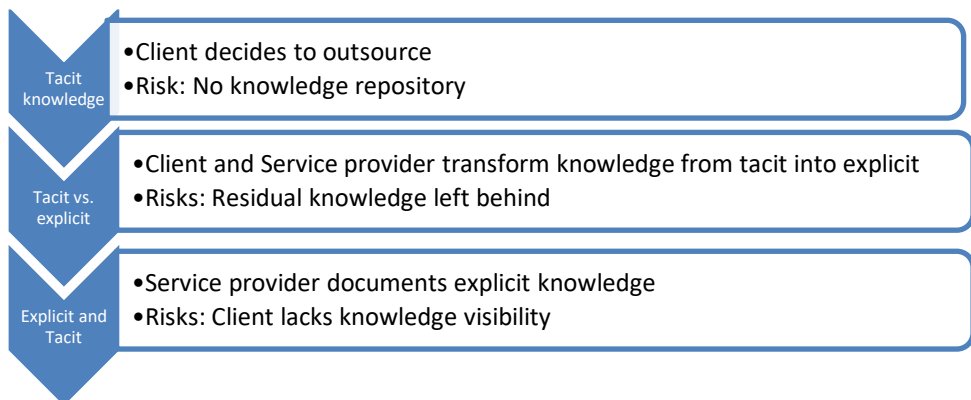
Multiple sources are addressing aspects like L&D, education, corporate social responsibility (CSR) and other human bound elements for a sustainable business, as knowledge and transfer of knowledge are the heritage of a sustainable business.

Outsourcing sector is defined by the transfer of knowledge, meaning

transactional and procedural activities having at the core a certain level of skills and knowledge requirement. While some articles talk about the skills that make a person employable, Foerester-Pastor and Golowko (2017) have conducted a research on the employability skills needed for the outsourcing sector, where various aspects were captured and analysed as relevant to gathering skilled and capable human assets. As per their key results, one personal attribute considered relevant, and also with an impact on this research, is the learning attitude.

If the skills are mapped and easily understood, there are also studies talking about knowledge. Knowledge has been extensively analysed and clustered in various notions and terms, for example in terms of tacit and explicit knowledge. According to R. Muthueloo et al. (2017), tacit knowledge is defined through 4 major dimensions that were considered in their research as influential factors determining organisational performance and hence a recommended practice, at least for 2 determining dimensions, namely socialization and internalization.

Edvardsson and Dust (2020), for readers' wisdom, propose in their research a review of 42 sources that are linked and would bring some data and facts on various learning and knowledge management concepts, specific for the outsourcing sector. Here once more, tacit and explicit knowledge reappears as a key element, which has also inspired the below knowledge transfer design, as a visual flow. Figure 1 is the contribution of the authors to the research underlying this paper, yet appreciating the knowledge linked to explicit and tacit knowledge concepts, available in the above named sources.



**Figure 1. Tacit and explicit knowledge transfer in Outsourcing.
A High-level flow (authors' development)**

Source of inspiration: Edvardsson and Dust (2020): The Knowledge and Learning Potential of Outsourcing

Some recent studies and reports conducted by Ipsos-Future of Jobs (2020) on the local Romanian labour market and a global research offer a perspective of the current times, elaborated by The Adecco Group–Resetting Normal: The definition of a New Era of Work (2020) brings information relevant for the future of outsourcing sector.

Ipsos has identified 6 behavioural stages during Covid-19, where, as a finding, 2 of the stages are more present in the overall population, meaning amongst the 4,221 respondents from across industries like: production, services and other administration/support sectors. Resistance stage is at 30% of the respondents, meaning that they are awaiting that life will just go back to normal, as it was, and Anticipation stage at 25%, where respondents are recreating new priorities and habits for the unknown future.

Adecco, while looking at 8 countries across the globe and 8,000 respondents (1,000/ country) is considering in the structure of the study the time element as the 3 essential moments: pre-pandemic, during pandemic and post pandemic, hence to better understand 5 key elements that have emerged in the new work era. The flexibility, working hours, new leadership, further development and trust equation are the dimensions under concern and the responses have revealed some interesting facts on the behavioural aspects of the employer and the employees, at a global level, as well as at country level.

While extracting the wisdom of the two reports mentioned above, there are some common elements which predict the future: digital and remote working skills (69%) and support for working on platforms/systems (65%) are priorities in terms of training needs at a global level, while locally, 2 of the main challenges that the labour market / employees have to face are personal development (19%) and learning new ways of working (16%), while exercising social or physical distancing. Because of the changing requirement of the external world, companies should keep adapting their strategy, which needs continuous information gathering and processing and these all are possible through continuous organizational learning and development (Pietrzak and Paliszkiwicz, 2013, Kark et al., 2020). Under such a challenging work setup, the research proposed in this paper is to better understand the business sustainability from an L&D perspective and what considerations are to be further developed and adapted.

4. Aims of the Research and Research Methods

Through the current research, the purpose is to take the pulse of the market and of the outsourcing industry on the readiness of investing and continuing to provide L&D services and activities for a sustainable business model.

The expectation of the research is that the sector is ready and willing to adapt, while some of the current practices of learning will impose a paradigm shift, something which may take time and new tools. Once having the infrastructure set up, the last element which needs to make the final shift would be the human element, meaning the “buy in” of the people at all levels and business relations.

The method selected in the current paper was the questionnaire method based on 17 questions designed to capture the embedded practices of the organisations, understand the relevant concepts of this paper and also to assess the appetite for L&D practices as an overall business approach, mainly inculcated into the business culture. Throughout the questionnaire there are elements that can predict the readiness to adapt into the new online, the virtual way of providing access to

learning or even other means of activities for a sustainable business.

Targeted respondents were from the major players to offer a pertinent view of the investigated data, they are top international companies and also they retain around 9% of the employees from the outsourcing sector in Romania. The data was collected between August 7th and August 21st, 2020. Fifteen respondents elected were from the BPO sector or partners of services, relevant for collecting predicting data. The average duration to fill in the questionnaire was 10 minutes and the questions were created with various options: multiple or single choice option, ranking scales and free text. The questions were focused on the strategy of the company regarding L&D practices, the current and future investment in L&D, the culture of the company regarding L&D and corporate social responsibility actions.

5. Findings

In terms of relevance to respondents, the results came in from a reliable and qualitative representative population, with a mix between Owners / CEO / General Managers as one category, People Managers as a distinctive one and a third category, Individual Contributors with strategic decision roles, in the top hierarchical structures. 3% of them are currently engaged in business roles with companies with more than 500 employees, as a total headcount, as in figure 2.

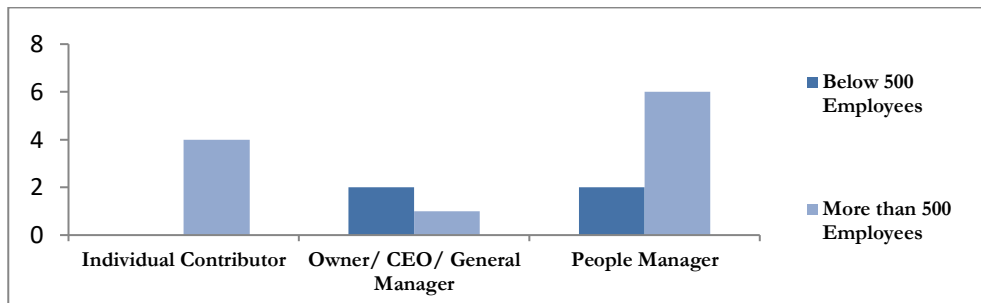


Figure 2. Distribution of roles and size of company of respondents

After testing and investigating past practices, before pandemic, the results have concluded that 100% of the participants to the questionnaire have the L&D practices as part of their company's culture, while 93% also confirmed the existence of a policy/strategy dedicated to sustain the culture of learning for a sustainable business model and the same 93% confirmed that the BPO sector invests in the L&D practices, as a rule.

While the majority of the respondents do value L&D practices and have a strong attachment to them, they have not confirmed any significant financial increase from 2018 to 2019, just to get a better understanding of the past practices and priorities. In the figure 3 below, it is obvious that the majority have mentioned "No change" in the financial allocation for L&D, in the comparison between 2018 and 2019.

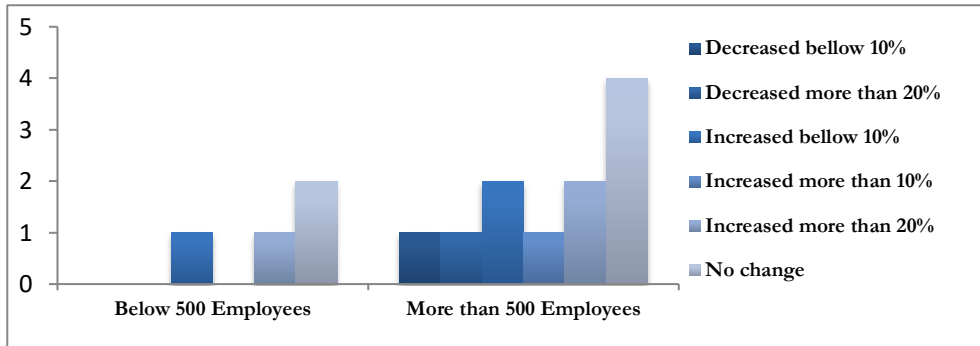


Figure 3. Budget allocation for L&D comparison between 2018 and 2019

In a context of quite a rigid market for L&D investments, 53 % of the respondents are expecting an increased interest in the development areas, education/upskilling/growth at work, while only 24% foresee a readiness for financial investments, as opposed to 67%, ready to enable internal knowledge up-skilling as an immediate option to support the future of the business and ensure sustainability.

As sustainability is often seen as *invest today for tomorrow's results*, Corporate Social Responsibility (CSR) with a focus on education is also part of the areas of the BPO strategy. Here too, 100% of respondents have personally been involved or are active in CSR projects, focused on L&D and many share personal knowledge in a community as a trainer or share best practices within a structured external forum, to bring a long term contribution on business sustainability. 93% consider that supporting and investing in educational programmes, as part of CSR, is in the core strategy of the BPO culture.

In the last question #17, the questionnaire is testing the expectation setting and readiness for the future; we see a 40% readiness to adapt online to a mix of learning options, whether virtual content (self-paced) or instructor-led content, as an online session. On the other end, 6% still believe and accept the classroom classical delivery, yet the curiosity of the results is at the 9% of "Others". This is a major result and outcome, as some of the proposed models are not there yet, are hard to be called out due to a lack of "title" and are just now in the making or becoming the next learning models. To emphasise more, the next is a quote from one of the respondents: *"not yet invented. Online is just a phase into something else"*.

6. Conclusions

The targeted respondents were those which are more exposed to offering service solutions to the wider market. In such a context, the readiness of these companies into adapting fast with internal knowledge, capable employees and with the overall knowledge ecosystem is key for the sustainability of their services. This means that not only the content will be considered relevant, but a wider factor of data like: best channels to deliver, best technology to implement, adapted experiential learning,

while in online or virtual sessions the challenges just pile up once we open the depth of these levels.

Such companies, in our view, are bound by moral and business ethics and practices to be pilots, innovators and also designers of services and solutions, real knowledge mechanisms for growth, to ensure and support the business sustainability in the new era. The new era is as per some respondents of the questionnaire something that is not yet here, and such new normality is not yet known to us. The transition phase we are in is a metamorphose of the future roles, knowledge and real human assets and values pertained into the employees of the future, into the roles which we not yet know of and maybe even in the way we would relate to such a topic and Learning and Development.

We dare saying that such a new future can be anything from a knowledge helmet attached to the forehead, to a Nano sized data chip inserted in the human-system, or robots taking over the more procedural and transactional knowledge and tasks, but one thing is for sure: personal touch, human interaction and survival instinct cannot be made obsolete, or better yet, we as professionals cannot let it become obsolete. It is difficult and challenging to maintain a sense of personal connection and belonging to the culture of a company when not nurtured and “lived” in person. While collaboration has become more effective as most of studies claim that productivity increased during lock-down, the work became only task oriented collaboration and not the kind that creates opportunities for informal learning and mentoring. Companies which will find ways to reinvent themselves and will find ways to renew personal bonds will experience significant benefits in terms of employees’ satisfaction, engagement, retaining talent and increased standard of living for employees. What is for sure is that organizations should develop a culture of trust, the trust employees have in the decisions of companies and their ability to navigate from the current economic crisis and the trust of companies in their employees and their willingness to work and evolve. This can create sustainable business that can bring value added to the society and could be the key in this changing working environment. At the same level with trust, a new business model should incorporate flexibility in the working policies in companies and more than this flexibility in the mind-set of the employees who should be ready to adapt and to accumulate new knowledge and skills.

References

- [1] ABSL (2020). ABSL Outsourcing industry Reports, Retrieved from <https://www.absl.ro/press-room/#99-134-absl-outsourcing-industry-reports>.
- [2] The Adecco Group (2020). Resetting normal: defining the new era of work, Retrieved from <https://www.adecco.ro/wp-content/uploads/2020/06/Reset-Normal-Global-Report.pdf>.
- [3] Edvardsson, I. R., Durst, S. (2020). Caper 3. *The Knowledge and Learning Potential of Outsourcing*.

- [4] Foerster-Pastor Foerster-Metz, U. S., & Golowko, N. (2017). Employability skills for the Romanian outsourcing industry. *Proceedings of the International Conference on Business Excellence, Volume 11* (Issue 1).
- [5] Katarzyna, B. (2020). Sector business process outsourcing in Visegrad Group, *Int. J. Innovation and Learning*.
- [6] Kark et al., COVID-19: People, technology, and the path to organizational resilience, Retrieved from <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/people--technology--and-the-path-to-organizational-resilience.html>.
- [7] Kapur, R. (2020). The Practice of Learning and Development in Organizations Retrieved from https://www.researchgate.net/publication/339200211_The_Practice_of_Learning_and_Development_in_Organizations.
- [8] Kearney, A. T. (2019). Digital resonance: the new factor influencing location attractiveness - The 2019 Kearney Global Services Location Index, Retrieved from <https://www.kenney.com/documents/20152/4977724/Digital+resonance+the+new+factor+influencing+location+attractiveness.pdf/7a39643a-dc22-87f5-936b5e734999f57d?t=1581025251793>.
- [9] Ipsos (2020). Viitorul pieței de muncă din România, Retrieved from <https://www.ipsos.com/ro-ro/viitorul-pietei-muncii-romania>.
- [10] Muthuveloo, R., Shanmugam, N., & Teoh, A. P. (2017). The impact of tacit knowledge management on organizational performance: Evidence from Malaysia. *Asia Pacific Management, Review* 22, pp. 192-20.
- [11] Pietrzak, M., Paliszkiwicz, J. (2013). Framework of Strategic Learning: the Pdca Cycle. *Warsaw University of Life Sciences, Poland*.
- [12] Jamshid Ali Turi, Shahryar Sorooshian, Yasir Javed (2019). Impact of the cognitive learning factors on sustainable organizational development, *Heliyon*, 5 (2019) e02398.