



# MAURITIUS RESEARCH COUNCIL

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## MRC Unsolicited Research Grant Scheme:

### *Developing Successful Entry Strategies for BPO Operations in Mauritius*

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## EXECUTIVE SUMMARY

The central objective of “Developing Successful Entry Strategies for BPO Operations in Mauritius” is to lead global offshore providers to select Mauritius as their offshore BPO based simply because it is the natural choice. In spite of high publicity around the achievements of the BPO sector, it is visible that the performance is quite below par. There are many reasons that would explain this problem. Elaborating them without solution is not serious. To come to that stage, it was necessary to pursue a detailed examination of the BPO both as a business function and an industry. This has allowed the identification of the challenges and policy proposals. SPAF is indeed a propriety model that EMS has come up in the course of its examination to address the issue and make precise propositions. Seven Policy Action Framework or SPAF can be described in summary as follows: -

### **TURN INTO TECHNOLOGY PRODUCER**

- ❖ **Challenge I:** The knowledge of Mauritius in the field of technology of telecommunications and IT is limited to integration, operation and troubleshooting. This is a major handicap. To acquire a reputation within the global BPO industry, Mauritius has to turn from being an importer of information technology to a producer of technology on a significantly important scale in areas where it has the capacity.
- ❖ **Policy option I:** BPO is often generically understood as outsourcing in all fields. Its relatively new dimension is the use of information technology and telecommunications to find new ways to improve a process, cut cost or change the course of business direction. The first step for Mauritius, therefore, is to determine the technology segment that will drive its BPO industry so as to project ‘what it wants to be known for and what is its core competence’. Using a technology-application matrix provides an overview of strategic directions available to Mauritius to undertake its development.

## TYPES OF PRODUCT

- ❖ **Challenge II:** The Mauritius offshore BPO industry must acquire an identity, a personality and a reputation that differentiate it significantly from other jurisdictions in the global market. The types and quality of its products should yield comparative advantage, compensate for its small scale and cost disadvantage, and strengthen its attractiveness towards global providers and customers in search of a risk free BPO centre.
- ❖ **Policy option II:** Taking account of the exiguity of its scale, it cannot compete on the basis of cost leadership. It has to compete on other qualityed attributes, such as contents effectively blended into high tech applications, and be recognized internationally for it.

## QUALITY AND RELIABILITY

- ❖ **Challenge III:** The relationship between government and the BPO industry has to be re-engineered. The government and the industry association have to jointly determine the product profile of the Mauritius offshore BPO industry, the quality standards and compliance processes with a view to further its development.
- ❖ **Policy option III:** Government authorities have to develop a collaborative relationship with the BPO industry association where government focuses on its policy role and work in partnership with the industry to achieve the policy goals.

## INSTITUTIONAL RESPONSIBILITY

- ❖ **Challenge IV:** The Mauritian society has to undertake a cultural transformation to succeed in the consolidation and operation of an offshore BPO industry, distinct from the standard ICT services sector. This cannot be achieved without political direction and institutional adaptation to bring about attitudinal change, emancipation and alignment of social groups to common goal.
- ❖ **Policy option IV:** It is necessary for government to chart the responsibility of the leading institution, responsible for ensuring the development and growth of the offshore BPO industry, and to map out its connection with the subsidiary institutions.

## **BUSINESS ENVIRONMENT**

- ❖ **Challenge V:** The offshore BPO centre has to be secured against illegal practices that are common in the intellectual property / knowledge / software / cyber industry, such as piracy and such other odds, to promote knowledge workers and protect its reputation as a risk free centre
- ❖ **Policy Option V:** Adequate laws have to be introduced that fit an evolutionary cyber and electronic environment such as to establish a secured business framework adapted to the demand of high tech industry

## **PEOPLE AND SKILLS AVAILABILITY**

- ❖ **Challenge VI:** Offshore BPO industry can only be sustained in the long term with ample supply of cost effective knowledgeable and creative local labour adapted to a high tech industry
- ❖ **Policy Option VI:** Develop labour force with the basic skills that can be moulded flexibly to meet the short and long term requirements of the offshore BPO industry

## **FINANCIAL STRUCTURE**

- ❖ **Challenge VII:** Taking the view that international leased circuit is one of the key inputs for the BPO industry, in whole or in part, its price must be an element of attraction for new entrants and a reason for maintaining their operation in Mauritius over time. Today, the cost of entry into the Mauritian BPO entry is very high as a result of the exorbitant price of private leased circuits, both domestic and international
- ❖ **Policy option VII:** The MIIT, as the responsible institution for the development of the BPO industry, should undertake the necessary measures to remove the price impediment that erects barriers to entry into the Mauritian BPO industry and affects the financial sustainability of operators and constrains the development of the industry

These policies are expected to infuse six qualities to the Mauritius offshore BPO industry, defined by the following dimensions:

- ❖ Reputation
- ❖ Types of product
- ❖ Quality of products and service, including delivery on promise and after sale service
- ❖ Financial structure
- ❖ Business environment
- ❖ People and skills availability

In conclusion, it is confident that the expeditious application of the various measures in a coherent manner should establish Mauritius as a viable offshore BPO centre in the short to medium term.