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LA INFLUENCIA DE UNA EMPRESA DE OUTSOURCING EN SU SOCIEDAD DOMINANTE


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1 Abstract.

During the last lustrum the interest of global enterprises on relocating part of their value chains on countries like Poland or India has increased. Every year, outsourcing companies increase their benefits generated; and sign new deals in the form of business process outsourcing. However, recent studies show the contrary effect: companies with long experience on outsourcing are bringing back those departments in land.

Questions related to what is not satisfying clients of outsourcing, considering primary results are obvious in terms of cost saving, are raised on this paper. On the other hand, it has been analyzed why some outsourcing companies gain new clients every year and increase their cooperation with current clients: what do clients perceive as value once cost saving is not an argument anymore?

The paper is presented in a way that can be understood as a real case studied from an outsourcing company. Questions and assumptions have been brought to managers dealing with client companies. Interviews have been answered by main actors working on both sides of an outsourcing reality: nearshore and offshore.

Main results highlighted are a significant cost decrease of nearly half of the human resources spending, plus all benefits that some outsourcing companies might offer in the form of innovation on the new activities inherited. This paper can assure that outsourcing companies are not merely carrying out operations as received from clients without any aim to improve; nowadays service centers go a step further and try to upgrade what they have received in order to provide a better service which will assure them long term contracts on the future. Cultural barriers while offshoring might harm client's objectives and this is a consequence that both clients and service centers must avoid.

Applied to our studied case, the main conclusions of this paper are that outsourcing does not stop providing better results to clients once cost saving is balanced by similar strategies from competitors. There are companies on the market which go farther and drive innovation into their clients. Furthermore, cooperation between nearshore and offshore is essential to meet satisfactory standards, thus service centers must keep a balance between cost approach and quality approach when locating resources.

2 Introduction.

Globalization has boosted enterprises to gain competitive advantage by relocating some parts of their value chain abroad. This is possible thanks to technology developed towards breaking differences on business approaches ongoing during last decades. As defined by Porter, firms tend to base their value creation on three strategies: striving to achieve lowest global cost in the industry; known as low-cost leadership strategy, seeking to differentiate own products from competitors' by adding perceived value to customer "differentiation strategy" or focusing on a narrow portion of the market which is referred as niche strategy (Porter, 1985). Likewise global enterprises may differ on which strategy aims to generate their competitive advantage; barriers have been overpassed by Information Technology developments to allow easier communication and sharing companies' points of view while integrating processes.

In addition, culture and geographical regions may also represent an obstacle while aiming to make profit by integrating the best resources of each country. Countries such as India are

competitive in terms of human resources cost but always a challenge for managers from companies intending to locate there due to high communication and cultural impediments. Corporations aim to surpass cultural differences and distances in order to boost the competitive advantage of each nation by locating segments of a company value chain on countries where conditions may turn this piece into a better output for the global process. On a global network of value chains, some companies has stepped in to connect geographical regions, cultures and efficiency elements to make their clients become high performers; all strengthened by technology and computing solutions. Traditionally offshoring was used as tool for cost saving. However, nowadays enterprises search for valuable resources to add to their value chain in order to maintain competitive advantage (Rodríguez & Nieto, 2015). Poland and India represent two pools attracting clients in the form of outsourcing.

On 1989, Poland was shaken by a set of great political, social and economic changes. Polish standards in terms of accounting and reporting allowed to swift an economy previously based on self-production to one based on free market (UNCTAD, 2013). This allowed foreign investment to enter the country and multinational enterprises settled on cities like Warsaw, Krakow and Gdansk attracted by the multiple benefits. In 2014, Poland attracted an inflow of foreign direct investment (FDI) of more than € 9 billion. It is estimated that in 2016, the FDI will increase up to € 12.7 billion mainly from other European countries and United States. Poland fully joined the European Union as member in 2004 and FDI has been increasing at greater pace since that milestone. Confidence in doing business in Poland has significantly increased after Polish legal and financial framework met EU conditions in terms of transparency.

India has emerged too as world class leader location for companies to create value thanks to the multiple advantages that have been resulted on the last decades. It begun on the 70s when government demarcated a large piece of land for electronic companies although high taxes, licenses controls and limitation on currency conversion stopped economic growth until 90s during economic liberalization when India's service industry broke out to be an important key player (Kanan, 2013).

Both countries possess unique characteristics to develop competitive advantage although strategies seem to not make fully profit of this combination: service centers specialized on accounting and finance have been settled on one of this location or both. Interdependences between these two countries have expanded on last decade and every time their national economies are more connected to offshoring services.

2.1 Objective

Outsourcing has become a global tendency for business on the run to achieve larger benefits growing annually by 10 per cent globally from 1999 until nowadays (William, 2013). This paper will analyze the influence of outsourcing on a parent company. After ten years of providing outsourcing services for a certain client: has it been beneficial or detrimental? The outsourcing studied company was initially located in the capital of Poland, Warsaw; a city that has been attracting foreign investment for the last 16 years. After the consolidation of the relation between client and the service center, a new actor was introduced on the two ways relation in order to supply outsourcing company the working force necessary to satisfy client by lowering labor cost; this actor was a twin service center in Chennai, India. All in all, outsourcing must be analyzed from a multinational point of view since result to client is a combination of Polish-Indian dependence, result that might be favorable or damaging.

Outsourcing has proven to be a source to create value for some companies (Rodríguez & Nieto, 2015) although in some cases it has turned into a spill over for resources, decreasing client's results. On one hand, outsourcing premises assure lower costs by transferring operations offshore to countries with lower salaries. On the other hand, introducing new human resources who: 1) are outside the client's company and, 2) who must work according to predetermined standards and expected results; might provoke a loss of capabilities and trust from stakeholders as a consequence of not expected results due to lack of awareness. Few global enterprises with previous presence offshore have given commands to bring back services previously outsourced. Unsatisfied companies are aware of complaints from buyers when visible faces representing them are not able to meet customer service expectations. Also, results are visibly altered when introducing a new resource between the outsourcing client and its clients/suppliers that is not aware of previous procedures and actions to be taken.

Besides explaining the impact of outsourcing on the client, another objective is to explain the impact on the environment understood as city (Warsaw) and country (Poland) since our analyzed company initiates the outsourcing journey there. Service centers require of a multidisciplinary employees that must be able to speak foreign languages as well as executing finance operations and accounting on a big scale. In order to satisfy client with the service given, a service center must create and boost an environment where future candidates might speak minor languages while having knowledge on accounting, finance, telecommunications or IT. Certain activities may favor this environment and will be analyzed to explain which factors benefit outsourcing on a city like Warsaw.

This topic has been raised due to the importance of outsourcing for multinational companies currently. Duke University revealed on 2014 that 75% of global companies from United States are planning to offshore part of their operations. Indeed, companies with long experience on outsourcing have been affected deeply by this decision, it has contributed to drive changes on them although initially it was meant to be a pure exchange of a service. Indian's Business Process Outsourcing (BPO) hub located in the city of Chennai currently employees more than 500,000 employees distributed in more 30 companies working on the outsourcing field and providing services for clients all over the world.

New subsectors of outsourcing have emerged bringing threats and opportunities depending on which perspective. For countries on Western Europe or United States, this represents a potential threat that makes workers there more vulnerable to changes on their organizations: changes varying from wages adjustment or termination of contracts. On the other side, workers from Eastern Europe and Asian countries will access to more opportunities of a global economy as big enterprises discover new ways of lowering their expenditure. According to UK's Communication Workers Union on 2014, global firms have outsourced 52,000 jobs serving UK customers to India. Firms, such as Barclays, British Airways, Lloyds TSB and Reuters have predicted to double their resources located offshore for 2016 to keep benefiting from competitive advantages there (Rugman & Collinson, 2012).

Another justification on the topic could be the increase of risk that a company assumes when outsourcing. The fact that service centers gather multiple tasks and operations on a single location exposes the client to business continuity threats in case of natural disasters for instance, backup recovery plans may turn into inoperative on this case when an entire region is affected. Likewise, costs coming from loss of accuracy or final quality are not included although they represent a relevant factor while outsourcing in India. Normally these costs are not included on the cost of outsourcing.

In order to raise awareness of the total dimension of outsourcing by analyzing a real case, this paper tries to proof all benefits and disadvantages. Given the different modalities of outsourcing is interesting to resolve which form might be more valuable to achieve client’s objectives and which errors tend to commit parent companies and service centers. Which modality works the best: fully operations offshored to India or a combination of front and back offices settled in Poland and India?

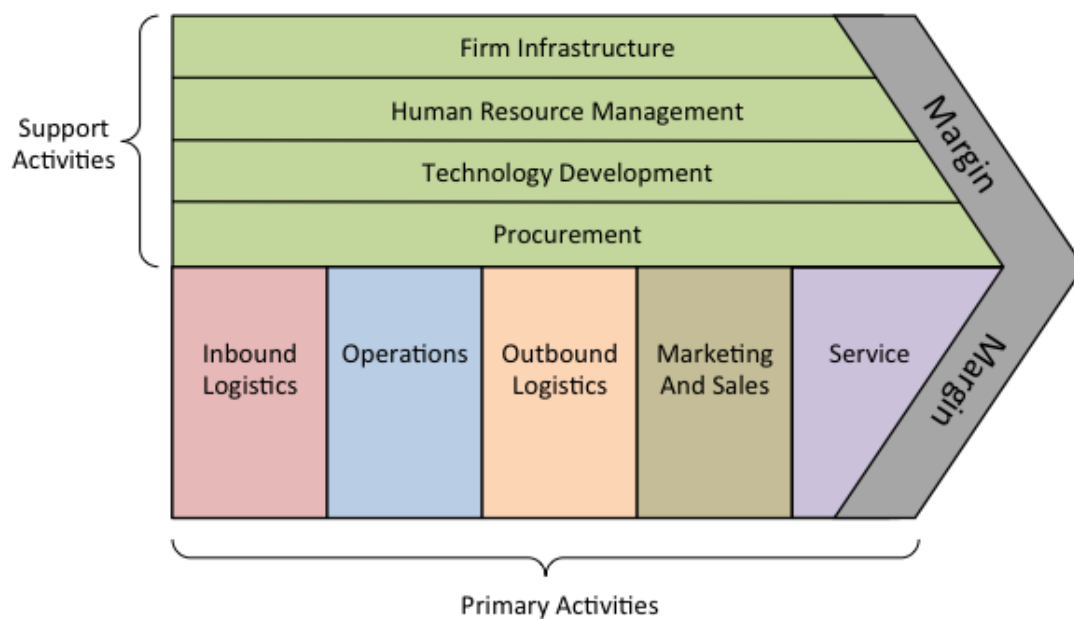
Finally, this study expects to provide quality insight to companies considering to execute strategies of outsourcing to understand better how it works on a cluster like Warsaw. Studying how outsourcing contracts are built may help to understand the subsequent structure of service providing and why current trend is to move more departments to countries like Poland firstly and India ultimately. Also the interconnections between services centers will be studied and how interacting with Indian coworkers may alter client’s expectations.

On scientific literature, the offshoring event has been covered by numerous papers and from different perspectives such as the effect on innovation intensity and possible effects while outsourcing (Valle, Avella, & García, 2015) as well as productivity and costs (Olsen, 2006) but never observed from the inside of an outsourcing company (Fariñas & Martín-Marcos, 2010).

3 Theoretical framework.

A value network in a large enterprise unusually maintains all the value activities in-house. Certain activities require specialized skills so any organization is part of a wider value network or value chain. Value chain is a term to refer to all interorganisational links and relationships that are necessary to create a product or service. Manager’s task is to underline which activities should be kept in bound and which should be outsourced, for example. Nevertheless, managers need to understand where that value creation will occur in the supply chain, thus changes must keep these linkages and relationships to improve customer value (Johnson, Scholes, & Whittington, 2007).

Figure 1: Value Chain.



Source: Michael Porter.

Initially outsourcing only covered auxiliary activities such as cleaning or mailing (Kornet, 2011). This term was phased in during 1980 decade, its etymological origin born from words “outside” and “resource”: Outside refers to the action of placing a component of a company outside the structure and resource relates to the value of that component as something what the company is not willing to get rid of, hence extracting that component is not an action of pure lean management either shutting down departments. Over time outsourcing has led to offshoring which explicitly refers to activities brought out elsewhere, far from origin organizations. Once again communication technologies made local strategies turn into global strategies.

Multinational enterprises (MNE) play a key role as they represent the majority of outsourcing clients. MNE might be defined as a firm operating across national borders whose chief offices are based on the home country despite operating on different geographical regions. Another characteristic is extended obligations to monitor competitors, consumers, suppliers and other institutions as these companies grow bigger. Most of the global MNEs are headquartered in North America¹, Western Europe and Japan (Rugman & Collinson, 2012) and account for most of the worldwide FDI. Regarding the affiliates from a MNE, they also tend to share the same strategy as their parent company which creates stronger connections between MNE-affiliates. Business partners or affiliates coordinate their vision in order to define which results want to be achieved and how. This study will analyze the link between a MNE and its affiliate, an outsourcing company.

On the following paper we will refer to outsourced company, prime company or parent company irrespective to the party which signs a contract with an outsourcing company. Matter of the contract is the task of performing one or more duties by outsourcing firm. This first party or first mover to seek for changes on the organization is the company which strives to become more competitive and satisfy shareholders.

Outsourcing company is the firm which offers its services to carry out operations from a prime company. Firms that offer this service are located generally on the same countries as outsourced companies in terms of management decisions but own several services centers around the world which will host the new operations transferred.

Foreign direct investment is equity funds invested in other countries (Rugman & Collinson, 2012), differing from financial investment since MNEs control to some extent their foreign affiliates. It is also used as a metric to measure the competitive advantage of a nation by analyzing the amount of FDI that receives; exports and imports are used as well for this purpose. MNEs invest abroad for different reasons: to increase sales and profits, to enter rapidly expanding markets, to lower costs, and to acquire know-how and technological advantage.

On previous literature, two main concepts are used to categorize current trends: captive offshoring and offshore outsourcing (Valle et al., 2015). This paper will be focused on the second category since it is where studied company operates. On the following chapters *outsourcing* term will be used to refer offshore outsourcing. On chapter 3.4 we will describe in details all modalities.

In order to facilitate understanding of the current state of outsourcing in Poland, this study will utilize the following analyzing tools: Political, Economic, Social and Technological analysis (PEST), Porter’s five forces analysis & SWOT analysis.

¹ On this paper North America will refer to United States of America and Canada.

3.1 PEST.

This analysis represents a valuable tool to identify the most relevant factors on the business environment where a company operates (Johnson & Scholes, 2006). Thanks to this analysis, this study will explain the reasons why market grows or declines as well as current business status, growth margin and strategy. Four factors form PEST:

- **Political:** Influence of political forces (government and institutions) on the economy and/or business. In details, this factor analyzes tax policy, labor law and political stability. Infrastructure and education also are influenced by government.
- **Economic:** Include Gross Domestic Product (GDP), exchange rates and inflation rates. These elements affect how the business interact with other business in land and abroad. How an economy determines business performance is analyzed under this factor.
- **Social:** Under this factor it is analyzed how social environment affects the market. Cultural trends and population growth might alter product performance.
- **Technological:** Technology may affect positively by boosting expansion of products or negatively when represents an entry barrier.

Political factors: Poland has been in a favorable position compare to other countries in terms of political stability. After communism influence, countries like Poland and Czech Republic have lived a long term stability with governments switching between two main political parties but always oriented and willing to contribute to market economy established in 1989. Other countries like Latvia and Lithuania have been affected by unsteady changes on national economy.

The fact that Polish economy is not affected by crisis allow policy makers to increase budget on main national areas in order to boost education, national care system, foreign investment and internal consumption. Tax policy was adopted in accordance with European standards on 2004 and several UNCTD reports (United Nations Conference on Trade and Development) have highlighted the positive consequences for Polish economy from standardization of tax systems.

Labor law is a field that requires further development by present and future Polish governments. International analysts have agreed that Polish labor law does not allow full potential of employability mainly due to the fact that there is no type of contract suitable for all the job applicants currently. Infrastructure is another field for further improvement; compare to near countries like Germany and Slovakia, Polish infrastructure of communications and industrial ground is deficient out of the main economic areas.

Economic: Polish GDP was never affected by recession as many other European countries and stays growing positively. Since 2008, GDP expansion has been positive and turning higher unlike many of the other European countries. Nowadays, EU's GDP is increasing yearly; forecast predicts bigger raises.

On Poland before 2008 crisis, GDP was growing over 6% and currently stays on an annual growth around 3-4% which confirms the solidity of the sixth-largest economy in Europe. The main element is the service sector due to the fact of lower pricing levels compare to near economies. Services offered from Poland range from business process outsourcing, IT support, payroll systems to an increasingly important tourism sector in cities like Krakow and Warsaw.

Exchange rates are a relevant feature as Poland have not adopted yet euro currency and current coin is Polish Zloty (PLN). Exchange rate PLN-EUR has been stable, lately ranging from 0.2 and 0.3 (1 PLN= 0.2 EUR). Consequently, exchange PLN-USD has been steady too (from 2.5 to 3.5)

which represents another reason to explain an increasing number of foreign investments in Poland. During 2013, when global recession hit more intensively on Poland, it was determined to depreciate the currency in order to increase international competitiveness and increase exports. Economic policies which were applied to face global crisis were in accordance with Keynesian principles, thus boosting domestic demand by tax cut and increasing of exports.

Social: probably the biggest social trend affecting Polish economy is the high percentage of practicing of Catholic religion. Since the outbreak of the communism, Poland has been characterized by one of the highest number of Catholic adherents due to the fact that Catholic Church was an active actor on pushing the establishment of democracy and market economy on the country. Catholic influence have shaped Poland as a centralized country with main focus of business activity on Warsaw, followed by Krakow, Gdansk and Silesia region as on these cities were established the main dioceses. Also Catholic hospitality was seen as a trigger to receive foreign investment and international funding right after Communism party lost the first democratic elections. On that critical moment, situation of the country was insufficient according to European standards to provide welfare state and Polish hospitality made a large progress to help national economy by collecting funds in the form of higher number of tourists or funds. On 1989, a patriotic feeling started in order to rebuild the inoperative economy left by social economy, and the Catholic Church represented a key player to maintain this feeling over the years until Poland acquired life and economic standards as other European countries.

Also the low number of Polish speakers compare to other European languages has boosted the need of Poles to learn foreign languages. Once Poland turned into a democracy and opened its borders, thus gradually integrating into the European Union; Poles needed to speak foreign languages mainly to communicate and make business abroad. English and German are the ones with the largest number of speakers on the country although lately students choose to study other European tongues; such as Spanish, French and Italian. Over 95% of Polish students and graduates speak English as second language and more than a half of them another European language despite the fact their studies may not be connected with the philology field.

Tourism of Poles has also boosted this fact since Polish language is only spoken in Poland by 38 million of citizens and it is not a common language for foreigners to learn, thus Polish citizens have always needed to learn other languages. Tourism after democracy was liberalized as borders were opened to more countries than the ones under Soviet influence. Polish citizens were not allowed to apply for visa and travel to countries outside Soviet zone of authority except for a few cases. After enactment of the last constitution, Poland was gradually integrated on global zones of free movement of people and goods marking the last hit on 2004 when it was integrated as full member on the EU, this fact has allowed Polish citizens to travel more and to more destinations from that moment, also increasing multicultural integration.

Technological: Investment on innovation and development is one of the priorities of any company. In this case, a well-located facilities and new technologies are fundamental for business excellence. Since the liberalization of Polish economy, technologies from all over the world have been introduced on the country. The influence of near countries like Germany, United Kingdom and even other countries overseas which were attracted by Polish conditions; have benefited innovation through setting up facilities on Polish territory, thus consequently bringing innovations. Nowadays, Poland has outperformed most European countries during the recent economic troubles from 2008. Several initiatives have supported this achievement: the strategy for Innovation and Efficiency of the Economy – Dynamic Poland 2020 (2013-2020), the Entrepreneurship Development Programme (EDP) and the National Research Programme (NRP).

Thanks to technology development of financial applications and services on cloud, Poland has been able to attract a significant amount of foreign investment in the form of outsourcing.

3.2 Porter: five forces.

In order to inquire into specific environment of a company; the analysis of five forces of Porter might represent an estimable tool as considers all the forces operating in the particular background of a certain sector. Porter five forces link five components which are used to explain competitiveness of a company. According to Porter (Porter, 1980) there are five forces:

1. Threat of new entrants.
2. Threat of substitute products or services.
3. Bargaining power of customers (buyers).
4. Bargaining power of suppliers.
5. Intensity of competitive rivalry.

Threat of new entrants: This force stands to explain entry barriers such as: legal procedures, economies of scale, high differentiation of products/services, heavy initial investment and barriers to access distribution channels.

Outsourcing companies face the complexity of operating with multilocation structure; which represents confronting different national and supra national laws that sometimes might be incompatible one to another. In addition, national laws on prime company location must be met too in order to provide a quality service. Outsourcing companies no longer offer services from a single location and are mainly based on two countries as minimum, this fact explains the strong influence of economies of scale in order to provide services at the lowest price possible. As well as mentioned threats, initial investment may also be relevant to prevent a company from entering the business since outsourcing clients are ordinarily MNEs which carry out activities on different regions, thus need a large infrastructure and staff to transfer their activities to a service center offshore.

Threat of substitute services: A substitute of outsourcing may come in the form of backshore which would represent the opposite effect of transferring services abroad. Backshoring is the strategy to scale back in land all departments outsourced. This may be a response to low quality standards generated after outsourcing or unsatisfied stakeholders. Also, shutting down activities might be a substitute activity for outsourcing: managers decide which procedures should be outsourced based on the current cost of them and in response for a low cost strategy but they might decide that instead of transferring it, it is possible to shut them down which initially could represent a bigger save. Departments or activities to be ceased are meant to be no longer useful or relevant within the company to create value and definitely there is no reason to keep spending resources on them.

Bargaining power of customers: This force describes the power of customers to obtain beneficial conditions from companies on this sector, which also depicts consumer's sensitivity to price changes. On this example, bargaining power of customers is high since clients are global enterprises which may represent large contracts employing more than 150 clerks on a service center.

Clients are demanding lower price every time a new contract is being dealt and push down prices so service centers have to adapt to that since on the market there other companies offering the same service at similar prices. Outsourcing centers have every time less power to mark up services since clients will react to them switching to another company unless the outsourcing

company offers a differentiated service which is hardly possible due to the characteristics of this field. Furthermore, in order to gain visibility towards other potential clients; a service center must sign contracts to proof the quality of his service, thus it can engage more clients. Another fact to explain the high bargaining power of customers is that outsourcing contracts are renewed on periods of 2-3 years and represent an investment for the service center initially that might turn into a loss if contract is not renewed.

Bargaining power of suppliers: The bargaining power of suppliers is a force that depends on the number of suppliers of a specific sector. Thus, the less suppliers in a particular sector, the greater bargaining power. Controversially, on the outsourcing sector there is either no presence of suppliers or they are not relevant to be analyzed in terms of competitiveness. Therefore, this force does not represent a determining factor to analyze current situation of outsourcing. Due to the nature of this service, there is no input needed to transform it. Indeed, client acts as supplier as he provides the service center with the input to carry on the service.

Intensity of competitive rivalry: BPO Outsourcing companies are alike, they all offer same services of accounting and finance activities. Prime companies are attracted to outsource with the objective to decrease cost but long term contracts will be based on reasonable price level plus other services that are not alike for all outsourcing companies. These extra services are called *delighters* to the parent company. They represent all the innovation on activities and software that an outsourcing company can bring to the client, thus creating value also by driving improvements and not only from cost savings.

3.3 SWOT.

Swot analysis is a tool to analyze four factors within a business unit. On this paper, Swot will be focused on the business sector of outsourcing. Internal factors that might benefit or harm the business are considered strengths and weaknesses, respectively; external factors that might influence business results are opportunities and threats.

Strengths: Main strength of this field is based on providing lower cost per services. Certain activities that companies keep doing themselves, thus spending capacity, are costly and do not represent value creation on final output: this is when outsourcing provides solutions to lower these costs.

Furthermore, after years of experience working for different clients and carrying operations ranging from business process outsourcing to IT systems or security procedures, outsourcing companies possess a wide range of knowledge on different fields. Multiple strategy approaches and know-how might benefit future clients by allowing new ideas in that might be come from different companies. Outsourcing acts as a connection point to share business cultures from diverse sectors. Access to technology also represents a strength since this sector base competitive advantage on technology development in order to provide services for clients from different locations. Thanks to technology component, outsourcing companies are able to overpass distance and connect service centers on more than one location besides speeding up processes and communication by automatization.

Weaknesses: In order to lower labor cost to maximum, service centers must employ clerks from countries like India or China where business culture differs from client's culture. For instance, Indian workers are less familiar with standard accounting principles accepted in Europe and America which involves loss of accuracy on the outcome of the service. Likewise,

communication barriers also represent a weak point for those MNEs which only operate in India or China since clients do not have any other point of contact.

In accordance to previous points, outsourcing exclusively located in Asia may not respond quickly to changes on the environment mainly due to longer decision chains. Lean corporations are more likely to adapt to changes than corporations with complex structures: outsourcing represents closing down some departments within company in order to transfer them to another location which makes decision chain larger.

Opportunities: Outsourcing is becoming a global trend for big enterprises and according to studies from universities like Duke; on the future majority of them will have part of their value chain outsourced. This represents a potential opportunity for outsourcing companies in the future which will access to wider markets and increment on number of clients.

Another opportunity comes from the possibility to create models of outsourcing by locating service centers on European and Asian countries, simultaneously. This option allows overpassing communication barriers by placing the visible part or point of contact on the European country and the operative part on India or China. Clients are more likely to contact European workers as communication standards are similar.

Threats: Current threat might represent the fact that some companies decide to absorb back within company's boundaries services which were previously outsourced. This phenomenon is known as reshoring or backshoring. Countries like Mexico which are bordered neighbors of North American countries represent a balanced option to scale back services from Asia.

Tendency to down prices per services also threatens current companies, new movers tend to lower prices in order to enter the market and lure clients. This is in fact possible by settling down resources on Asian countries despite of the risk of this action. Current companies might lose deals in favor of new movers which likely will focus on same areas as previous outsourcing companies.

Working on multilocation also implies the need to change business procedures which were previously adopted in non-outsourcing circumstances towards adapting them to the new reality of the company. Activities might not be compliant when outsourced or even obsolete. Need of adaptation might affect future clients of service centers, thus also service centers in terms of less money transferred to them by future contracts.

3.4 Outsourcing modalities.

Outsourcing is a concept misplaced generally on previous papers and management material which may lead to disorienting definitions. On this paper we will start setting the correct terms to describe the process of technology and knowledge outbound transfer from a company to outside. Such transfer of operations to abroad is identified as offshoring and may be sorted in offshore outsourcing and captive offshoring (Valle et al., 2015). Offshore outsourcing is perhaps perceived in the industry as mere outsourcing although upon scientific literature is defined as the movement of departments/activities from first company located in country to abroad, where an external company will receive these incomes (in terms of knowledge, technology and service standards) and provide the outcome in the form of a service. Offshore outsourcing is the governing decision of releasing ownership on some activities in order to cut indirect costs

(salaries, maintenance and infrastructure) towards contracting this part of the value chain as a service which is the outcome of an external company located out of the country.

Following on this idea, prime company transforms indirect costs to direct costs of production which represent less risk and more efficiency. Captive offshoring is used as the movement of activities out of the country, either overseas or in another geographical region in order to benefit from competitive advantages on another region while retaining ownership, hence launching new branch in a foreign country in order to take advantage of new resources not available previously without incurring in the risk of transferring knowledge to another company. This form is used for instance when market opportunities come up in a different country and company forecasts a temporary advantage on transferring part of manufacturing activities there while conditions are favorable. From now we will refer to offshore outsourcing as “outsourcing” and captive offshoring as “captive”.

Captive occurs when a new figure appear as a daughter company which is related by capital to parent company and receives all the operations transferred. Consequently prime company does not liquidate those operations but passes to daughter. A set of legal requirements must be met in order to subdue the company to adapt the new environment as well as fiscal obligations originated as an increased benefit thanks to new location and bigger infrastructure. A benefit from contractual outsourcing is that control is kept within firm’s boundary and all employees are committed to the company that they are really working for; a feeling of ownership that may not be present among outsourcing employees. However this option lacks the new approach a new company could give in the form of innovation and brand new way of management. Moreover, choosing this solution generates additional costs, such a company founding cost or consolidation costs (Pla Barber & Leon Darder, 2004). As a consequence of bigger infrastructure and capital, company must incur in registration costs, recruiting either transferring costs for work force and adaptation costs to new environment as well as communication channels must be improved in order to connect different seats around the world.

Outsourcing has to do with signing agreements with other companies which are generally specialized in that field of business or even become specialized through a process of knowledge transfer. This is seen as a process of using external resources which are more efficient than in house mainly designed to create competitive advantage through cost saving. On the other hand, outsourcing involves liquidation of all elements connected with realization of a particular function, namely redundancies, sale or liquidation of capital and liquidation of an organization unit. It also leads to limited possibilities of strategic planning in this area. Moreover, contracting an external company to perform a process implies that the prime company has limited possibility to control it (Palka & Haręźlak, 2006). Disadvantages might occur in the form of spillover and loss of ownership: spillover refers to lose of knowledge and know-how by parent company specially on long term engagements when certain activities have been performed by a service center and there is no possibility to back up knowledge and operations from outsourced to in-house due to the fact that outsourcing companies only have a knowledge absorbing role and not transmitter. Likewise loss of ownership occurs when prime company does not obtain output as per the service agreement and service center determines oneself on outsourced activities. This is closely related to the phenomenon of backshoring: companies outsourcing part of their chain value which determine the disadvantages exceed the initial advantages.

Backshoring or reshoring is the strategy of a company to scale back their operations again in land. Several factors have influenced this trend: Chinese and Indian labor cost have multiplied by two on the recent years, political instability and environmental catastrophes have

demonstrated how unprotected are resources based on this continent, time zone discrepancies and poor working conditions on service centers offshore. On 2012 a study conducted by Boston Consulting Group asked executives from 106 business the reasons to return production to their homeland (The Boston Consulting Group, 2013):

1. Labor costs: 57%.
2. Product quality: 41%.
3. Ease of doing business: 29%.
4. Proximity to customers: 28%.

Captive and outsourcing are the main trends in moving activities from in country to abroad, however we may also find other terms related to these governing decisions. For instance, nearshoring which refers to moving tasks to countries which are culturally and geographically close, for example from Western European countries to Eastern and Central European countries. This phenomenon is common in Poland, where service centers are located for companies whose seats are in Germany, Denmark or The Netherlands among others. Their competitiveness is based on the fact that Polish salaries constitute only half of salaries compare to countries in Central Europe and Scandinavia; and Polish employees are as qualified as local employees, besides speaking foreign languages.

Offshoring in both modalities allows company to access new components for his value chain, an experienced labor force at lower price. This corresponds to a Resource-Based view of all the competences that companies can assimilate when outsourcing. Nevertheless, there are more factors that significantly affect the results of this strategy: critics of outsourcing based their arguments on the concept of Transaction Cost Theory.

The resource-based view is a theory of management pointing to explain long-run competitive advantage and how to obtain it. Firms gain and sustain competence by owning heterogeneous and immobile resources to create advantage. These resources might be valuable, rare, inimitable or non-substitutable. Combining these resources may create capabilities, resources not possessed by competitors to create higher perceived value to customers either lower exploitation costs. Applied to our current topic, first movers to countries with strong resources to develop companies' activities may encounter a resource of long-run competitive advantage. Countries such Poland and India offer different assets which properly combined can drive high importance business activities at the highest standard. These countries do not only offer attractive salaries compare to United States (first country on number of companies outsourcing) or Germany situated within same region as Poland; they also offer high management standards to reinforce agreements and generate extra value by lean management and innovation from outsourcing company to parent company.

Transaction cost theory stands for those costs incurred by companies willing to offshore abroad on their way to meet the conditions on foreign countries and their advantages. Selecting service supplier for outsourcing and dealing terms and conditions may also have a cost associated. Fundamentally this theory considers all related costs to the transaction and not only market price. Bundled cost of outsourcing ranges from contracting, coordinating and communicating cost to unexpected costs due to geographical distance. Another transaction cost may come up in the form of less productivity and less adaptability from new employees to current procedures. This may be explain by the fact that new employees have to work under a style which has been designed abroad and may not meet their characteristics or skills on the first stages of outsourcing, even being overwhelming and lead to loss of productivity and additional costs.

New technologies reduce the costs of remote management when outsourcing in countries like India and China with high cultural differences which certainly affect the operations and day to day activities, requiring extra monitoring in order to accomplish previous standards. Outsourcing brings on some costs which include travel, communication and vendor search management. These costs are hard to predict and include on companies estimations. Soft costs arise when cultural differences and misunderstood requirements affect the quality delivered, thus requiring rework. Also in-house employee morale suffers due to redundancies or fear of job loss leading to lower productivity or retention issues inhibiting the development process. These hidden costs can often be overlooked when calculating the true savings of outsourcing (Olsen, 2006).

3.5 Strategic reasons & phasing model.

The fact that depending on the country located, a service center can access different competitive resources is derivative from the competitive advantage of nations. As Porter says “a nation competitiveness depends on the capacity of the industry to innovate and upgrade” (Porter, 1990).

Leading nations are those which possess competitive advantage comparable to the best worldwide competitors. Exports and outbound investment based on skills and assets created in home country might be the best indicators to determine national competitiveness. According to Porter there are four attributes which constitute the diamond of national advantage:

Factor conditions: Capacity of a country in terms of labor force or infrastructure. The countries exporting outsourcing services like Poland and India possess skilled labor with accounting and finance knowledge equipped with modern infrastructure such offices, developed network of communication, speed internet connection and individual workstations suitable for all type of software and applications.

Demand conditions: Trade opportunities in terms of national demand. Number of customers for an industry within the country. In contrast to other factors, outsourcing industry generates competitiveness through relocating activities on other locations, hence this factor is not relevant for this case. The inexistence of internal demand for these services on these countries do not allow to analyze this factor. Polish/Indian competitiveness on this sector is not driven from internal demand.

Related and Supporting Industries: Service centers not only generate value transforming inputs from their clients. An environment of universities providing educational skills to future employees, business schools to train managers and decision makers, software and hardware providers to supply company’s need and other small suppliers which all constitute the value chain are essential to carry on activities.

Firm Strategy, Structure and Rivalry: Mechanisms of business creation. How companies are organized and managed and which role assumes the government on industry development. Nature of competitors is included as well. Regarding outsourcing in Poland, management is a strong asset considering most of the managers and directors have large experience working for other clients. Polish government does not monitor outsourcing companies strictly. Similar case might be found in India although Indian government keeps more control of outsourcing companies due to their strategic relevance.

Porter’s determinants (Rugman & Collinson, 2012) commonly depend on the others. For example, if outsourcing companies require graduates on technology information but there is no

faculty to educate them these companies will change their location, thus no generating competitive advantage for that nation.

Different capacities and knowledge among countries might explain why some companies from certain nations are more competitive than others. Furthermore, the most competitive MNEs are those which identify opportunities of each location and distribute their operations according to the locations best suited for their needs (Valle et al., 2015). Managerial decisions play a key role at this stage. Consequently, transferring operations to locations where local resources do not boost the outcome may result in losses of competitive advantage and benefit decrease due to transactions costs not recoverable.

The process to accomplish outsourcing starts with a chain of core decisions taken within company by managers in regards of organization, human resources, territorial strategy and legal ownerships aspects. Managers always face the possibility of losing control or weakening the company by ruining quality standards or service levels within the departments which are going to be outsourced. The mere procedure of novating services to an external company does not only imply a lighter structure for the parent company but also a restructuration in order to retain approver position and ownership (Pla Barber & Leon Darder, 2004).

Therefore, outsourcing implementation may be presented in five steps (Kornet, 2011):

- 1) Analysis of needs and legitimacy of introducing outsourcing services in which functions to be allocated are chosen. Managers decide which activities are key business operations and which may be outsourced as represent mere adding to final product. Occasionally as we already mentioned, activities outsourced are not depending on the degree of importance but instead, decision is driven by factors such as the possibility to perform those activities more efficiently abroad.
- 2) Planning the implementation process in which procedures are prepared, knowledge is transferred and service level standards are set as well as expected outcome.
- 3) Implementation.
- 4) Monitoring the effectiveness of outsourcing service.
- 5) Modification of the outsourcing process.

Outsourcing contracts are signed generally for medium term engagements (2-3 years) but there are some cases of short term assignment for very specific non-recurring activities. In most of the cases, prime company and outsourcing company have different business behavioral which may differ and unique point of convergence is the knowledge on that field. However, by working together they both begin interacting which leads to mutual agreements, cooperation practices and resolution of long term goals as long as prime company's objectives are met.

A service carried by an outsourcing company must be given with determined standards and scope of service along with responsibility, expected quality of the outcome and accepted division of work. Sometimes prime company leads and proposes all these requirements but last trends on the market point that every time more outsourcing companies take active part on service level settings by offering their experience and rebuilding processes in order to not only adopt a service from another company but also improve and make it more efficient on the way. Prime company generally conserves last approval for payments and journals posting above materiality although outsourcing company is allowed to use its judgment and take final decision in case of absence of controllers from main company as long as these decisions are compliant with accounting principles established.

Outsourcing has proven to be beneficial for Research and Development (R&D) activity, (Valle et al., 2015) both on prime company and outsourcing company but we are going to study which factors can drive this effect and how much effort is done by the service providers in order to meet client expectations. In case of outsourcing of finance and accounting as our studied company, innovation flows from two sides: parent company which after outsourcing gain “free capacity” that can be used to stimulate innovation and focus on core activities as well as outsourcing company which might use their knowledge on the field and previous experiences from other engagements or clients to drive innovation for the current client.

Confidential information is always a key point of discussion while outsourcing due to the amount of information such as pricing, markup, pool costs and revenue among others that an outsourcing company may gather during the term of engagements with clients. Although previous experiences from other clients may result on a better knowledge and more ability to drive high performance, they might also turn into a disclosure of critical information; harmful for their business competitiveness. Parent companies fear the consequences that revealing of data may have on their activities and are always attentive to the way the service center is processing and treating their data. Moreover, outsourcing companies are also aware that the way they treat information may affect negatively future contracts with clients. Prime companies may mistrust them, which eventually will lead to the cease of operations and termination of contract.

In addition, outsourcing activities may represent different dangers for the organization (Johnson et al., 2007):

- Competitors may be able to follow same strategy. Consequently, advantage is lost in terms of price reduction.
- Customer start to associate low price with low product/service benefits. Prime company initially described as value creator starts to be seen as cost competitive.
- Cost reduction may be incompatible with differentiation strategy.

Managers need to understand cultural and social norms that underpin business practices in different countries while doing business in those environments. Cultural awareness is crucial to make business relationships work, at the face-to-face level or at the company-to-company level.

Sourcing of operations brings on new risks and gives a new scope to existing ones. Cost-saving may lead prime company to lose control of ownership and service quality delivered to final customer. In addition, increased interaction requires greater judgment and independence with processes due to geographical, language and cultural distance between home and offshore location (Sharma & Loh, 2009). If those requirements are not met, the lack of a well-defined service content may lead to invisible costs.

Nevertheless, parent companies can phase in regulations and risk detection procedures by understanding risk forms and potential triggering events. Companies are obliged to meet local laws and regulations and this may generate conflicts when some operations are performed offshore but delivered locally, hence communication and effective relationship management are essential to breach over this wall while outsourcing services.

4 Development factors & markets.

4.1 Poland

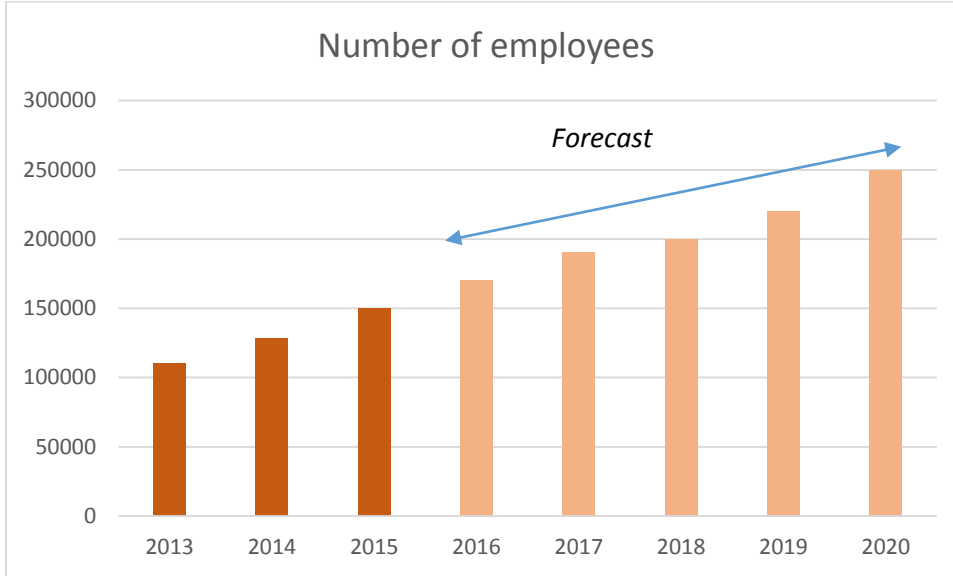
Poland possess absolutely unique characteristics to appeal an attractive country for outsourcing. Geographical proximity to the markets of Western and Eastern Europe, similarities on management methods with American countries, European Union membership and participation in several International organizations, increasing direct foreign investment and highly qualified labor; proficient in terms of speaking fluently foreign languages. In addition average Polish salary in 2014 was 10,124€ yearly what is far from 37,693€ in United States and nearly a quarter compare to Poland's neighbor, Germany which had an average 45,952€ in 2014.

However, outsourcing firms are not exclusively offering services to prime companies following the same standards and procedures as before. There is a process of re-engineering procedures developed at the previous stage of going live and ongoing during the term of activities. This is a win-win situation due to the fact Prime company is able to cut down unnecessary costs and speed up core activities which generate revenue and service provider gets bigger ownership of activities and engagement toward extending current contracts and developing new agreements. These *delighters* delivered to clients are mainly managed at nearshore countries like Poland which possess more skilled professionals in order to start up this further step on the business relation client-service center.

Polish employees are not only talented and have received higher education in country and abroad, also are trained to become specialists on the fields where outsourcing operates what means companies have experts staffed on diverse business fields such as telecommunications, social media and IT among others. According to ABSL study based on survey addressed to service centers, English is the principal foreign language spoken in all Outsourcing companies in Poland, followed by Polish, German and French (used in 75% of service centers). During the academic year 2013/2014, 160,000 graduates entered the labor market from the fields of economic/administration studies, engineering, technical disciplines and IT coming from universities mostly in Warsaw, Kraków and Poznań.

Number of employees working in outsourcing in Poland is increasing yearly: on 2013, over 100,000 employees were working on a service center while on 2016; 150,000 are currently employed in one of the 532 service centers owned by foreign capital on Polish territory. Forecasts predict that by 2020 this sector will employ around 250,000 people (Figure 2); which will represent an increase of 150% on a period of seven years.

Figure 2: Number of employees on outsourcing filed in Poland.



Source: ABSL study

The clusters of business services centers are located mainly in Krakow, Warsaw and Wrocław. Kraków employs the highest number of employees (35,700 which represents 24% of total) (Dzieran, Gorecki, Kapusta, & Karpiesiuk, 2015) on 101 Outsourcing centers.

Figure 3: Examples of BPO in Poland.



Source: Polish Information and Foreign Investment Agency (2010), www.paiz.gov.pl

The distribution of service centers according to nature of business activity reflects that 33% are dedicated to IT services including software development, 22% are represented by finance and

accounting, and 45% by others. According to location of parent company's headquarter, a third of business services centers are providing support to companies located in North America.

According to Rugman and Collinson, FDI is highly important as classic component to understand international business operating at country-level as well as imports and exports. This paper will focus on understanding why Poland has become a pool to attract funds from an FDI approach. Biggest MNEs account for 90% of whole FDI's stock and Poland has been receiving an increasing number of funds in the form of international joint ventures, licensing agreements and franchises (Rugman & Collinson, 2012).

Economic and political stability are also accelerating the foreign investment in Poland and making its figures larger every year. Europe's biggest crisis in 2008 has strengthened its position not only in the region of Central and Eastern Europe but also all over the continent due to the fact Poland was not harmed by the recession which affected Europe's most powerful economies. Poland GDP has never been in recession during last twenty years, unlike neighbor countries such as Germany and Russia; and it is been increasing on greater or lesser extent.

According to Polish National Bank, 2010 & 2011 represented the peaks in terms of direct foreign investment (Chart 1). On the following years (2012 & 2013), FDI in Poland decreased affected by threats of new recession in Europe and loss of confidence. From 2014, Polish National Bank has registered another raise that is expected to continue on 2015.

Chart 1: FDI net investment in Poland.

Figures in € million

Year	Total FDI inflow (Net)
2014	8.994,10 €
2013	2.058,65 €
2012	4.715,60 €
2011	14.831,80 €
2010	10.473,00 €

Source: Polish National Bank.

Assessment on investment for foreign entrepreneurs every year is getting better which boosts investment from small and medium size enterprises (SMEs). Polish authorities are aware of the importance of foreign investment which represented according to the National Bank of Poland an inflow of nearly € 9k million on 2014. Main investors were coming from North America (2k million), The Netherlands (2k million), Germany (4k million) and Luxembourg (1k million). Therefore, in 2014 foreign direct investment represented a 10% of country's GDP. Nowadays majority of direct investment is located in the form of foreign enterprises which set up seats and service centers in Poland (Paiz, 2014).

More reasons may be found to explain solidity of Polish economy against biggest crisis in Europe: a survey conducted by Coe-Rexecode shows Polish workers work an average of 1,975 hours a year, metric which surpasses German and French employees who work 1,679 hours a year. In addition, German workers remain about twice as efficient as their Polish counterparts but Polish salaries are only about a fifth of German salaries says Jan Cienski about this comparison.

Country's international safety and stability guaranteed by Poland's membership in NATO and the EU make Poland a credible and important business partner for foreign investors. Poland has

been increasingly participating in European Union's affairs since outbreak of Soviet influence in 1988 marked by the first democratic elections after World War II. Since the establishment of a democratic system and market economy, designed by new anti-Soviet parties and ultimately by Leszek Balcerowicz, driving a transformation program; a shock strategy known as "Balcerowicz plan" in order to revitalize a damaged economical system after socialism. Following all these transformations, on 2004 Poland became a full member of European Union and entered Schengen Area in 2007 as borders with other member states expired. Nowadays, Poland's Premier along with Premiers from Germany and France have been boosting the creation of European Armed Forces which reflects Poland's involvement on the union and commitment on national security.

Polish law for foreign investors is meant to stimulate creation of companies in accordance with similar regulations on other European countries. Form of business are mainly grouped in limited liability and joint-stock company. Permit, license or authorization must be obtained and it applies also for some statutory requirements in order to run specific types of companies. In corporations and in limited joint-stock partnerships, the partners must contribute to the share capital (in a limited liability company - PLN 5,000, in a joint-stock company - PLN 100,000, and in a limited joint stock partnership - PLN 50,000).

Bookkeeping rules are compliant with European Accounting Standards, companies have the right to follow National Accounting Rules or International. Regardless which method is followed companies may be obliged to carry out audits in order to meet requirements if they fall under specific categories of business filed or size. Tax Regulations do not differ in excess with Fiscal Law adopted by most of European Countries and Polish tax system distinguishes nine types of direct taxes including Corporate Income Tax as the most relevant for enterprises and three indirect taxes where VAT represents the majority of tax collection.

All employment contracts have to fulfill Labour Code and secondary regulations issued thereto provide (Domanski, 2015). There are mainly four types of professional contracts regarding length of commitment: indefinite term, fixed term, for specific time in order to complete a task and to replace a justified absence temporarily. All of these contracts can be preceded by an employment contract for a trial period of no more than three months.

Polish government incentives investments in the sector of business services due to the importance as a key sector for country's economy. Instruments such as tax allowances for Special Economic Zones, subsidies for new investment/employment and governmental grants for advanced business services centers and R&D are available for companies and projects meeting the criteria set by Polish institutions.

4.2 Information Technology Development.

On the past 15 years, Information Technology has radically expanded the way to do business. Software solutions have implemented more structured procedures, for example ERPs (Enterprise Resource Planning) such Oracle NFPS (New Finance and Procurement System). Oracle NFPS is a global system on the cloud which supports accounting and bookkeeping for an entire company with the possibility to organize by divisions and entities. This application allows to set responsibilities and permits to view and modify. Several user profiles are assigned to employees: GL user, AP user, Cash Management User & others.

Other technologies as videoconferencing has also eliminated barriers between geographical regions and reinforce the language spoken with presentations and video which make speakers

interact in a conversation as would run in a personal meeting. Outsourcing involves a longer chain of decisions, therefore it is needed to have effective communication channels. Videoconferencing through internal communications might speed up traditional communication channels, such as email.

Big enterprises require a systematized procedure to gather data and manage it. In addition to legal requirements, such as storing invoices, fiscal documents and other documentation; a huge set of other kind of information must be stored in order to carry on business activities. This becomes intricate when several departments operate on different localizations as generally occurs when outsourcing. Drive clouding supports these activities: data and documents are uploaded to the cloud and can be accessed from any geographical location for processing purposes, legal requirements or consulting. Apart from allowing more flexibility within a company, also speeds up the go live of new departments, new seats or any extension of activities.

Knowledge transfer flow faster when data is accessible from any geographical point and permits a process where no movement of people is required. In line with this, manuals are accessible as well from any location which creates an online academy or share point, benefiting knowledge flow.

From the perspective of invoice processing, many changes have occurred lately. Scanning and delivery of invoices to invoice processors is still the most common procedure to upload invoices into ERP system, this is a simple technique which allows to control different matters while booking invoices:

- Distribution and allocation of costs under cost pools.
- Assignment of type of cost in Profit and Loss report. Accounting of tax under tax account and cost distributed between cost centers.
- Set payment terms and due dates.
- Set payment details: (transfer, check, boleto; to give as an example).
- Possibility to change status of invoices: for example moving invoices to hold status while disputing charges with vendor.
- Support elaboration of reports by extracting and consulting data on the system.

In order to understand completely this process, the fact that invoices are received locally and generally on the same country where they are issued is crucial. Once received locally, local offices are in charge of storing according to legal requirements and sending them by scanning to service centers where a chain of invoice processors will process and validate them in order to pay them in timely manner. Most of these improvements have been built at Indian's IT hubs, a clear example of national competitive advantage serving companies in order to stimulate their results.

Another advantage also comes from moving support departments out of the main value chain, on this case the IT helpdesk. Traditionally big enterprises have always needed support to manage access to applications and sensitive data, user control and any other issue related to global networks. Access to profiles with rights to review this data and modify are not granted at every localization of the company and according to business excellence must be focused on single points known as IT support centers, therefore here comes the question whether these support centers must be allocated within company boundaries or out of it. Tendency has been to move them out from in-land operations, in other words outsourcing. This way corporations assure

lower costs from activities which do not create value for their customers and do not represent high complex processes. IT helpdesk are always gathered in a single location on countries with lower labor costs that users may reach by phone or email in order to ask for help.

IT development has also increased demand of project and program management experts instead of programmers due to the creation of new hierarchies as a result of expansion on the industry. Expansion of Indian IT software is a result of the evolution of a business model undertaken: this industry was initially based on cheap labor and low costs although it has experienced a development into nowadays industry which is known for value-added solutions, specialist software and IT systems (Rugman & Collinson, 2012). Indian companies offer a combination of cost advantage, quality and highly specialized R&D.

Indian IT software and services industry has surpassed other industries on the country, becoming the largest sector since 2000. During 1990s it grew by 50% yearly and went from € 5 million of exports on 1980 to over €44 billion on 2010 (Rugman & Collinson, 2012). With a direct impact of 1 million software professionals and 5 million of indirect employment, Indian IT represents a best in class sector on a global level. This industry supports the development of other sectors on the country, such as telecoms, computing and business process outsourcing. On the Asian country, IT software advancement has been led by two corporations: Tata Consultancy Services, a division of the Tata conglomerate which exported over € 3 billion worth of IT software and services and InfoSys Technologies which managed exports for over € 2 billion on 2011. Also on the side of the costs IT outsourcing in India has accelerated the development of software: studies have found lower costs for software development is paramount to the outsourcing decision (Dang, School, & Mathews Z. Nkhoma, 2013).

Thanks to IT development, employees are now able to automatize their tasks by accessing online courses which teach them useful skills at user level either related to their work or to areas of interest. Basic knowledge on certain areas may encourage employee to apply innovation on daily tasks which will remain even after employee is no longer working on that position. Concurrently, employees are also capable to gain knowledge which can be useful on their future positions, representing a benefit for the company.

A relevant role on this field comes up in outsourcing companies, the role of Tech Master. A Tech Master is the responsible to lead all innovations related to technology on the company. This figure can be either academic or professional master's degree in the field of engineering or IT. Tech Master possess a strong knowledge on all applications currently used by the company and also potentially useful applications in order to asses management board or/and employees on using the most efficient tools available. Tech Masters are relevant actors to keep surpassing cultural or geographical barriers by technology improvement.

In addition, all companies have been implementing their respective IT departments which operate at daily basis maintaining software and hardware systems totally functional. This is a response due to the increase on the use of these tools and their essential role on business operations. Outages on software may cause significant losses for the company. The role of a Tech Master and IT responsible differs on their responsibilities: IT responsible is in charge of maintaining all current systems working at full capacity while a Tech Master is more focused on research to later apply new solutions or new systems into the company.

4.3 Emerging markets: India.

Markets are more competitive than ever nowadays and new trends are emerging as a response for the need of enterprises to create value. Outsourcing companies are not only expected to generate cost savings for their partners but creating value through innovation and re-engineering of processes. Outsourcing traditionally has been a resource only used by North-American and British companies but we see lately also MNEs based in France, Germany, Spain, Japan, Canada, Australia, and elsewhere are now offshoring to compete with them (Sharma & Loh, 2009). Emerging economies are increasingly becoming key players due to their importance to MNEs: they represent growing markets with rising demand, sources for cheaper components and inputs and points of knowledge acquisition due to creation of their own clusters (Rugman & Collinson, 2012). Also, emerging economies represent a smaller risk than mature markets as they are strongly controlled by their governments.

IT and business services have increased demand quickly in past few years. IT/BPO industry is located mainly in India as an emerging market. Indian software providers have built large service delivery capabilities offshore (Athreye, 2005) and now cities like Bangalore and Chennai have become hubs on the fields of IT and business process outsourcing, respectively. One advantage is Indian educational institutions are educating world class professionals: Indian universities offer good courses on Information Technology, accounting, finance and project management (Kanan, 2013) although they are not completely standardized according to European and American standards in the case of finance and accounting. This industry hires more than 200,000 employees yearly to complete a force load of nearly 10 million people.

Development in Southeast Asia, China and Eastern Europe have led trends to place IT service providers on these countries. Scope is being expanded and new activities previously considered key activities for prime company, such as tax statements elaboration and infrastructure management are now carried out by outsourcing centers. On India, more than 500 companies are currently offering back-office and outsourcing services. Every time more MNEs see these countries as a location to move up entire value chain and to start operating from India to a global dimension. Global enterprises like Microsoft, IBM, Cisco, Oracle and Adobe have centers on the Asiatic country. These companies now agree that their product contains part of the India heritage, influenced by their presence there.

Offshore intensity is a metric which stands for the percentage of the value chain outsourced in another country. In other words, it defines the percentage of contribution from offshore to the total service value delivery. Offshore intensity from MNEs located in India either by captive offshoring or outsourcing has outstripped on last decades.

Unlike nearshoring in countries like Poland, clients outsourced completely in India are not expecting to receive *delighters* as explained before. Cultural barriers make this ultimate step intricate for Indians employees. In order to provide innovation besides cost saving, Indian service centers need to ally with service centers in Europe. Subsequently, mixed models of outsourcing locating a service center in India and in Europe, simultaneously; are not as cost efficient as entire operations outsourced in India.

5 Research methods and data.

5.1 Methodology

The methodology followed on this study was based on a case study and interviews, techniques which are widely adopted in qualitative research in international business (Welch & Marschan-Piekkari, 2004). Main reasons to use these techniques are: 1) the company chosen to be analyzed on the case study represents the standards of the outsourcing field as well as his client, and 2) primary source of information is available through interviews with managers working for the company studied. The type of interviews deployed correspond to semi-structured interviews.

Case study research excels at deploying a clear image of the subject under analysis and can add experience to previous theoretical researches based on real examples and supposals (Soy, 1997). The strategy of analyzing an established example and studying all the mentioned assumptions on the theoretical background, may lead to more solid conclusions and elaboration of new assumptions. On this paper, our case study is based on Accenture Operations; a branch of Accenture PLC which focuses on delivery of services to clients, based on a business to business (P2P) model. Main areas of strategy are IT services, cloud services, security and business process outsourcing. Interest of this paper is the business process outsourcing activity, the engagement or client chosen to be examined is a MNE on telecommunications field. In this case study we are going to focus on the agreement between Accenture and a famous telecommunication company which will be defined from now as Client.

Interviews intend to explore opinions, experiences and views from actors involved on day to day activities and core decisions. This method leads to wider scope of conclusions and provides a valuable source of information. One of the barriers faced while researching by interviews comes on the form of gap between theoretical knowledge and practical knowledge: to avoid inconclusive inputs, semi-structured interviews have been implemented by merging academic terms and assumptions while keeping possibility to open answers and unstructured dialogue in order to gain more detailed responses. Semi-structured interviews comprise a set of predefined questions about core points but allows freedom to skip interview's structure at some periods. In our paper, interviewee is provided with guidance at the initial starting and structured questions with limited responses. Once initial period is finished and connections interviewer-interviewee have been built, participant may provide new insights which have not been considered.

5.2 Sample

On this paper, the studied company selected to serve as a reference has been Accenture Services Sp zoo which has a long tradition on outsourcing deals. Long experience on the field allows establishing consistent theories out of data collected. The company has been selected following the next premises: 1) operate as the main service provider of outsourcing services in Poland, 2) having relations of front/back office with an Indian service center, 3) managers specialized on this field who agreed to provide data for this paper.

Interviews conducted have collected information from 3 managers working currently at the company who are process owners of their respective activities, thus possess a complete knowledge of their departments and the relation between Accenture Services and Client. Two semi-conducted interviews have been done to each manager which sums up a total of 6.

Interviewees have answered questions about the tasks of their departments (operational level) and outsourcing (theoretical level).

During the months from December 2014 to February 2016, the fieldwork was conducted. Managers were invited to participate on the first interview between December and January; and on February for the second one. Each interview had three stages:

1. Questions about their role and their team/department.
2. Predefined questions about outsourcing and relation Accenture-Client.
3. Open discussion of key factors on the relation Accenture-Client.

The following table shows the characteristics of the employees in regards to their positions (chart 2).

Chart 2: Profile of managers interviewed.

Interviewee	Branch	Years of experience	Status
1	Citrus	15	Business Advisor recognized by Client
2	BPIM	6	Several professional experiences on exchanging knowledge Warsaw-Chennai
3	R2R	20	Business Advisor recognized by Client

Source: Author.

Predefined questions:

1. How does Accenture create value for the Client?
2. What is the impact of outsourcing on the Client?
3. Relationship Accenture: Warsaw-Chennai.
4. Improvements to the Client from their teams.

6 Business Process Outsourcing

6.1 BPO Accenture.

Client and Accenture started doing business in 2006 as a consequence of an increasing competitiveness on telecommunications sector that was affecting earnings deeply. Client's strategy is defined as low-cost leadership, term mentioned at the beginning of this paper as striving to achieve lowest global cost in the industry. However, Client pursues a global strategy intended to have presence on all global regions; nowadays biggest regions of operations are placed in LATAM countries, NAM region and Europe, besides aiming to any potential market niche on Asia and Oceania. In accordance to cited approach and while seeking to reduce costs of employees by keeping standards, Client got engaged with an outsourcing company but how would perform Accenture Services as an integrated part on our studied telecommunications company?

A director from Accenture currently working on this engagement does affirm Client is always oriented to reduce cost coming from bookkeeping, cost analysis, cost allocation, multi entities transactions and generally any activity performed by the operational level of the organization;

towards gaining profit margin without incurring on price increases. This strategy aims to keep their strategically position on the market, particularly in Europe where telecommunications market is so aggressive.

Accenture Services represents on the market a competitive option in terms of price per services although it is must be mentioned that price per outsourcing services is relatively equal among all the spectrum of companies on the market. Accenture competitive advantage relies on an equal price per service offered but reinforced by extra activities peculiarly delivered to Client and suited for telecommunications sector which will be analyzed later, defined previously as *delighters*.

Client main source of business are:

- Voice and telephony connections.
- Big data & analytics.
- Network connections.
- Cloud computing.
- Conferencing and workspaces.

In order to keep an accurate control of earnings generated by mentioned activities, Client must keep a large spectrum of employees whose labor cost became unacceptable due to changes and dynamism on the market. As a response for that threat, Client went on pursue to outsource some departments.

Firstly, client signed a contract to transfer a certain number of teams each one in charge of one of the ledgers. Accenture offers outsourced financial services to the Client: first service center was established in Warsaw in 2006 to host around 100 employees working full time, known from now as FTE (Full Time Employee). Within one year knowledge transfer and transition was completed and outsourcing project went live in 2007. Warsaw was chosen as it represents a nearshore option for outsourcing. By 2008 service was extended and contract got expanded by offering Master Data Management of Client's accounts. After some time, some capacities were transferred to Chennai in 2009 and Front Office and Back Office model was created (Nearshore: Warsaw; Offshore: Chennai).

Business Process Implementation Manager Team (BPIM) was established in 2012 which marked a new approach into outsourcing including a service which is not generally outsourced as other ledgers and creating a positive impact on Client which trusted Accenture to perform a high class activity according to telecommunications standards. BPIM carries project management and interacts closely with Client's managers. Last hit on the outsourcing journey was the creation in 2013 of Circuit Invoice Validation Team (Citrus Team). Following ledgers are currently outsourced in Accenture:

- Record to Report: The RTR branch allows the companies to quickly and efficiently create consolidated financial reports in accordance to the international standards. It also take also takes care of numerous accounting and reporting processes, which can be grouped into several categories. General Ledger's responsibilities include preparation and posting of journal entries, reviewing and posting of journals provided by business controllers and sub-ledger Teams and ensuring that the close process is completed in an accurate and timely manner. General Ledger Team is also in charge of the balance sheet accounts' reconciliations and analytical review of significant movements on accounts. This team also prepares input for financial statements and supports local financial audits. Cash Management is responsible for

uploading and reconciling bank statements, preparing month end reconciliations to GL, verifying correctness and submitting payments for authorization. CM team prepares reports related to cash outflows, inflows, explains differences for balance sheet cash positions, monitors balances and takes care of funding and repatriations. Team also monitors outstanding bank items to assure proper allocation, tracks payments and deals with other cash related queries raised by the Client. Clearing House (Intercompany) takes care of centralizing transactions between entities inside Client Group, as well as reconciles the intercompany accounts. To manage intercompany transactions there are used four Clearing House ledgers. Each of them covers a specific inter-company process, like cash transfers between entities, transfer of costs, transfer of fixed assets, transfer pricing or global AP. The Telecommunication intercompany process covers transactions between about 150 ledgers.

- Order to Cash: The OTC contributes to the standardization and automatization of the logistic processes in the chains of delivery. Starting with orders and ending with the payments. It also allows to omit numerous errors made during the traditional process, for example loss of orders, time waste caused by slow billing, and as a consequence delays in cash flows in the B2B relation. Cash Collection responsibilities include mainly contacting the customers via statements, dunnings and conference calls. This team is in charge of reporting all the issues which may lead to blocked payments, monitoring the necessary corrections and confirming the payments, as well as the allocation details with the Receipt Team in Chennai. Cash Collection also collects documentation for refunds and write offs.

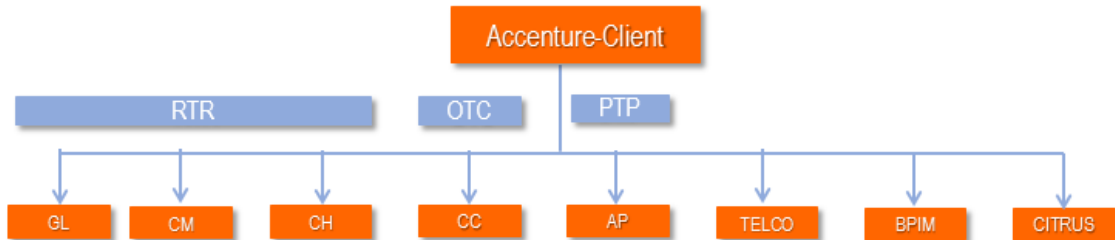
- Procure to pay: Thanks to the standardization and automatization, the PTP Process allows the organizations to quickly and efficiently monitor the procurement processes, which leads to the omission of many mistakes, as for instance a lack of integration between the sales and delivery departments, errors connected with the orders and incorrect payment terms. Accounts Payable team takes care of the verification and booking of the invoices related to purchases. In case of any issues, the AP team makes sure they are resolved. AP performs reconciliations with suppliers, analyze aging and invoice on hold reports. They are in daily contact with suppliers, requestors, managers in local countries and their colleagues in Chennai. They check if the documents correspond to the actual orders and prepare the payments.

- TELCO analysts coordinate the process of correct booking, payments and reporting of circuit costs. The circuits are rented by Client on countries where the company does not have its own infrastructure. This part of accounting and reporting is very important to the client as these are his core business costs. Day-to-day activities include overviewing of bookings done by Back Office, submitting offline payments, resolving issues and responding to vendor's queries. However, the biggest focus is put on month-end close reporting, when Telco analysts prepare journal bookings, work on costs analysis and submit reports.

- BPIM (Business Process Implementation Manager) team is working hard to facilitate the processes existing within the project Client-Accenture. They aim at the automatization and standardization in order to reduce costs, time loss and increase the efficiency and effectiveness of daily activities. BPIM is part of the Finance Solutions team which is a project delivery organization. Mission of the Finance Solution team is supporting the NFPS system, its interfaces and its users aiming at: reducing defects and variation (quality), reducing cycle time (speed) and reducing costs within specification of time and budget. They work with key stakeholders on systems, processes, governance practices, issues and continuous improvement. Their objective is the delivery of Finance Solution projects whose targets and goals are within a process of improvement in line with the agreed pipe of Finance Solutions Projects.

- Citrus team is destined to perform audits on telecom invoices paid by the Client, obtaining additional information in order to detect any possible mistakes and potential disputes, manage them and help avoid any unnecessary expenses.

Figure 4: Structure of sub-ledgers and departments.



Source: Accenture Services.

A nickname to refer to the parent company is used in order to protect Client's privacy and business and in accordance to security procedures. In each service center there is one head referred as Service Delivery Lead (SDL). SDL is responsible to be the bridge between Accenture Services and the Client at ultimate point, all issues concerning entire structured are under SDL's responsibilities. Apart from that SDL's main accountabilities are:

- Project financials.
- Arranging the project has all the resources it needs to deliver the service: HR, tools, infrastructure etc. by interacting with appropriate services within the company
- Ensure the project is compliant with any company policies: (information security, data protection, labor code and any standards of cooperation).
- Ensure the employees are provided with appropriate tools.
- Ensure the operations are conducted in line with Accenture core values.
- Being an escalation point for any issues connected with the service or any aspect of work

As mentioned previously, Client and outsourcing provider sign an agreement generally for periods between two and three years although it always depends on type of services outsourced. Outsourcing modality of mini projects when length of project is measured by days require more flexible contracts.

As a company depending on shareholders and stakeholders, Client needs an Enterprise Resource Planning (ERP) system to be the platform where all operations are carried out. ERP chosen to accomplish this task was Oracle NFPS which was also adopted by outsourcing company as well as other applications. In addition, Oracle NFPS represents a perfect platform which allows new features in order to expand output.

Outsourcing also has an effect on the relation between suppliers and parent company, it phases in a new player which is Accenture on this case. Accenture employees speak on behalf on their Client, acting as the visible face and performing the role of helpdesk when it comes to queries on operational levels. This may damage the image of the company towards clients, suppliers and other playing roles interacting as employees from Accenture may not be trained on how to interact according to Client's expectations. This interdependence may also effect on monetary level as external actors may not understand the longer process after outsourcing and might keep acting following different procedures, for example local procedures which do not match with a global value of chain where communication flows through countries or old standard procedures from times when services were carried out in land.

Accenture Services represents an advantage for the Client by executing a cost saving for him. Main source to create competitive advantage for Accenture itself and Client is based on two strategies.

Primary expected outcome of outsourcing is the cost saving generated at the first stage of the contract, on the studied case this happens on 2007 when departments and ledgers mentioned above are moved from North America, UK and Western Europe to Poland. This represents the largest cost saving expected by the Client that is easy to measure only by comparing previous labor costs of those divisions on their respective countries and current cost of the service in Warsaw; considering that nearshoring symbolizes the less risky option as Polish employees share majority of business practices with Client. Therefore, no impact on the service is predicted after transferring service to Warsaw. This cost saving is analyzed deeply on chapter 6.2.

As market turns more competitive and new trends on outsourcing are developed by other MNEs competitors on Client's sector; Client keeps pushing down prices per service to Accenture Services. The outsourcing company is obliged to cut down prices to continue business with Client. Here it comes the second cost saving for Client: the go live of a twin service center in Chennai which will absorb part of the capacity from Warsaw; being a back office which will allow cost reduction. This cost reduction is not as easy to measure as on the first case of nearshoring, thus as we have seen; outsourcing in India involves other invisible costs, such as transaction costs; explained by Transaction Cost Theory; and loss of accuracy due to multiple barriers between Client and Indian employees.

Transaction cost theory is a relevant point to study as well as outsourcing services tend to make processes longer in terms of time and as seen in our company as a result of the flow of communication. Communication flow starts on two locations: local offices and managers' site. Usually local offices are placed on the capital of the country for which the operations are carried and manager locations are centralized in North America and Europe. Commonly a manager is in charge of the same team for different countries, in other words responsible for a certain department (i.e. Accounts Payable) in a certain region. From both of these locations communication streams to Warsaw service center in the form of instructions or invoices to process for instance. Once Warsaw SC has received this information, it flows once again to Chennai where is processed and moves back to Warsaw where analysts provide output/inform managers and local offices. On the side of invoice processing, for example this path cause delays on processing invoices which might lead to late payments. As a consequence of this, suppliers bill Accenture's Client with late payment fees which could have not been issued if processes had not been outsourced.

Nevertheless, combination of nearshoring/offshoring proof to not be enough to satisfy Client's need during future contracts. Therefore, Accenture Services is once again forced to implement a new strategy to keep this engagement: secondary savings brought to the Client by innovation, known as *delighters*. Through process engineering and lean management; Accenture delivers a service that is not traditionally included on the outsourcing package. We will analyze the impact of these innovations on Client's side, mainly by studying the performance of two departments which are considered strategically relevant for the Client.

6.2 Primary savings for the Client.

The term FTE represents one employee working full time on one of the teams transferred to a service center. Competitive advantage derives from the fact that in outsourcing Client can set up the maximum cost per person and per team which is not possible while hiring employees in

in-land operations due to tax responsibilities and salary contributions. Main point of this advantage is the fact that Client becomes exempted of payroll contributions which allows reducing workload of supportive teams such human resources and saves company from costs and formalities with authorities. Outsourcing also permits reducing pure cost per FTE (not adding payroll contribution) since cost of labor is necessarily lowered when hired by an Outsourcing company as a consequence of establishing service centers in countries with lower costs.

However, cost per FTE is not only decreased by cutting down salary costs also by other techniques such as project management initiatives. Accenture offers a single location for operations where all clerks can be gathered, taking care of all regions where Client operates. This fact builds synergies and speeds up communication among members of the same team and cross communication with other teams. This structure favors cost reduction in terms of FTE and makes easier future innovation since decision taking is concentrated on the same production area and facilitates cascade information.

Before outsourcing, one FTE located in one of the main locations of Client’s seats hired directly represented a yearly average cost of 25,600 EUR individually. On 2007, contracting Accenture Services as outsourcing partner represented a gross cost saving for North American departments of 15% on operational positions, 50% for team leads and 50% for managerial roles. On Europe, Client started to save on clerk positions an average of 24% moving FTE from UK and Germany to Poland; and an average of 43% for team leads and managers. In terms of percentage, Accenture granted an average saving on labor cost of approximately 37% by transferring FTEs to Warsaw.

Chart 3: Yearly gross salary (EUR) per countries on 2007 in telecommunications sector.

	North America	United Kingdom	Germany	Poland
Junior Clerk	13.872,00 €	16.460,80 €	14.462,50 €	11.743,20 €
Team Lead	28.926,08 €	25.576,00 €	26.352,00 €	14.539,20 €
Manager	39.120,00 €	31.720,00 €	34.047,00 €	19.572,00 €

Source: Bureau of Labor Statistics. United States Department of Labor, Office for National Statistics (UK), Federal Statistical Office (Destatis) of Germany, Central Statistical Office of Poland & Accenture.

Chart 4: Yearly cost saving per countries on 2007 in telecommunications sector.

	North America	United Kingdom	Germany	Poland
Junior Clerk	15%	29%	19%	100%
Team Lead	50%	43%	45%	100%
Manager	50%	38%	43%	100%

Source: Bureau of Labor Statistics. United States Department of Labor, Office for National Statistics (UK), Federal Statistical Office (Destatis) of Germany, Central Statistical Office of Poland & Accenture.

This marked the biggest cost saving on the relation Accenture-Client and represented a large cost advantage compare to other competitors. Nevertheless, competitors adopted similar strategies and forced Client to deal aggressively prices down after first contract (2006-2009). On

2009, Accenture Services opened another service center in Chennai to transfer FTE from Polish territory to Indian territory.

6.2.1 Back office in India.

BPO industry has been growing steadily boosted by success of IT-enabled services. BPO includes a range of supporting activities like call centers, transcriptions services and back-office processing. These operations are localized on hubs in Mumbai, Bangalore, Kolkata and Chennai.

India possess not only a permissive labor law and low cost of employees but also every year its working force is reinforced by four million students who complete their graduation.

Likewise in China, a country known for cheap employment and good location for outsourcing due to the existence of abundant unemployed workers (Toulet, 2013), some regions of India are overpopulated with workers ready to be hired by companies although this is not true in the case of Chennai where companies like Accenture are facing a deficit of skilled workers to take over manager positions, thus increasing wages in order to attract workers with required capabilities on higher levels of hierarchy. This reinforces the tendency to keep wages low on the lowest levels of organizational chart.

Relevant changes take place when time comes to renew contract: Client states which services will be renewed and at what price per team; which leads Accenture to take a decision maker role to distribute his FTEs to accomplish the delivery of the service and meeting Client's condition at price set. While dealing new contract (2009-2012), Client stipulated the condition to reduce even more cost per FTE as a result of growing competence; Accenture Services had to face the impossibility to reduce salaries more by keeping only one service center. In order to keep engagement, the outsourcing company proposed to move heads from Poland to India in order to reduce costs by hiring Indian co-workers.

Distribution among Front Office and Back Office was decided upon Board resolution following Client premises although nowadays it still creates discrepancies due to the fact labor cost is much lower in India than in Warsaw. When talking about how tasks are distributed with Accenture's network, a new organization chart was developed:

- Teams totally placed in Warsaw.
- Teams totally placed in Chennai.
- Teams distributed on both locations.

For teams distributed on both locations categories are assigned depending on the location as following: front office to members placed in Warsaw and back office for their equals in India. This distribution responds to the language dependency of some activities on an international level which cannot be completely performed by Indian clerks due to lack of foreign languages knowledge. Members of front offices are able to communicate in different languages than English in order to carry communication with suppliers and clients from language dependent countries. At first this strategy brought problems with delivery of operations and dissatisfaction from the Client due to not achieved standards although after a long process of knowledge transfer and training on telecommunication procedures, Chennai service center was ready to support its equal in Warsaw.

Eventually this action led to decrease even more cost per FTE and built an important asset for Accenture, now a new possibility was on the table: employing FTEs in Warsaw either in Chennai. Reasons to move certain operations to India were two: 1) significant decrease on labor cost

which balances one employee in Warsaw for two in Chennai 2) plus British roots after colonization on 16th century which makes English a native language for Indian workers.

Front Office was placed in Warsaw: teams which face Client's issues and hold communication with suppliers. As per communication towards Client, we set two concepts: communication within Managers/Head of Departments per Region and Local Offices situated in the capital/business center in each of the countries where the company operates. The Front Office in Warsaw is the face of the entire project, they are responsible for the efficient communication with the client, reports to Parent Company and delivery of strategies to resolve all the issues.

Back Office was established in Chennai. Their responsibilities include processing all the financial transactions (sub ledger postings) in Oracle NFPS and prepare manually templates which will serve as an output for applications. Cultural integration and assimilation of processes reached an acceptable level for the client, however not as high as in Warsaw but satisfactory taking into account the big difference in price per head. This decision was facilitated by the point that Accenture already had several service centers operating in Chennai for other projects from different Clients. History has also taken part on developing competitive circumstances for Chennai region: previous British colonization on the city of Chennai whose presence on the city lasted more than 250 years; represents a heritage that allows Indian workers speak English fluently.

Chennai branch gathers most of the employees working for this Client as a consequence of lower labor cost and subsequent transfer of FTEs from Warsaw to India. Accenture Chennai bases its Human Resources strategy on moderate salaries compare to other outsourcing companies. However, candidates have more chances to be hired due to the fact that company does not seek applicants with experience on the field for Clerk positions. New joiners generally accept low salaries in order to gain experience on finance and accounting and even in some cases their main motivation is to earn a salary to maintain their families as covenant marriage is common on Indian culture. Likewise monetary conditions, they are obliged to sign permanence periods in exchange for raises or promotions which requires them to stay on the company longer as they promote to higher ranks with obligation to pay back if contract is not met. Another reason that benefits low rotation of employees is all the obstacles that workers face when searching for a job outside Accenture Services: no possibility to skip working hours, incompatibility of schedules or bureaucratic impediments.

In terms of advantages employees identify as a benefit that company provides transportation and job security. Knowledge transfer is also seen as a comfort as new joiners get into a process of learning for three months as minimum until they are granted with their own station and start interacting with their colleagues abroad. Over three months of scholarship new joiners are still under supervision until their first year.

During 2006-2009, engagement was established in Warsaw which in 2007 represented a save on labor cost of approximately 37% per FTE. In 2009, hiring Indian FTEs represented half of the cost of a FTE in Poland: each employee hired in Chennai started to represent another save almost of 50% compare to a colleague in Warsaw. Average cost of Polish FTE on 2009 was 15,751 € compare to 7,242 € in Chennai.

Chart 5: Savings on labor cost after Chennai expansion.

	Poland	India	% of saving
Junior Clerk	12.243,20 €	5.121,60 €	42%
Team Lead	15.039,20 €	7.019,60 €	47%
Manager	19.972,00 €	9.586,00 €	48%
Average	15.751,47 €	7.242,40 €	46%

Source: Central Statistical Office of Poland & Open Government Data, Platform India.

Another pool driving costs of personnel down is the fact that in the past same activities were carried over hiring more heads and supervisors. This tendency has been counteracted by the influence of Chennai service center and its impact on salaries level and presence of managers on both locations. For instance, on Telco department in Warsaw a total of three managers of level 10, four of 11 and seven of level 10 were hired by Accenture from 2006 to 2009, besides that during this period a smaller scope of countries were under responsibility of Accenture. Nowadays, with one more country on the scope; the whole Telco team in Warsaw is formed by one manager of level 10, two supervisors of level 11 and six analysts of level 12; being all the rest hired in Chennai with the consequent cost saving. Occasionally, telecommunications company outlines which processes are enough developed to be totally transferred to Chennai. Only mature processes are ready to be transferred to Chennai due to Indian workers profile.

Furthermore, contract between Accenture and Client becomes every time more demanding for Chennai Service Center. Every month, employees are promised to receive a grant and bonus in the form of award and recognition but these are promises that never get real and only pursue to keep their motivation high. Accenture always states that Client report errors on the reports during closing of books period and that is the premise to not pay bonuses or incentives.

Perhaps the biggest impact on Client after the incorporation of Chennai service center on their operations has been the cultural impact and the loss of accuracy while performing activities. Employees working on Client side are required to get used to work with Indians: probably communication is the biggest obstacle on this cooperation due to the difference on business cultures from Europe/America and India. Flow of information require extra time in order to reach mutual understanding.

Loss of accuracy is also a difficulty since Indian workers tend to commit more mistakes on core reports as consequence of ignorance of procedures and hurry. Many analysts in India do not understand the nature of the activities they are performing, in other words they carry out their jobs repetitively and always based on previous models and not on understanding what they really do.

6.3 Secondary savings: Innovation brought to Client.

Traditionally, outsourcing companies like Accenture were not capable to provide their clients innovation in any kind of form either new software development or new procedures. Companies willing to outsource part of their departments are MNEs which possess already a structured network of software and applications. Outsourcing companies have not been capable to provide major advantages on software innovation under these circumstances.

Correspondingly we can affirm outsourcing traditionally has not driven any innovation or benefit to parent companies from software perspective due to the fact that contract has imposed a

particular set of software and applications to be used by service centers while integrating outsourcing company on Client's network of software.

However, on our studied case the relation Client-Accenture Services is different from other traditional outsourcing arrangements. Warsaw service center has been developing software such as new applications and excel macros, which despite the fact that have not been implemented in client's side; at least have led some progress on its operations. On operational levels, daily activities are repetitive and tasks are performed on a monthly basis which means a certain activity is linked to a period during the month and keeps repetitive from month to month; this characteristic allows the use of simple tools, which do not require advanced programming skills, such as Excel Visual Basic for Applications (VBA) to automatize their execution in order to obtain outputs faster and accurately. Loss of exactitude represents a risk when applying mechanization as users may not be able to capture the needs and features which a task require. Therefore, Warsaw service center recruit operators with programming knowledge, also known as Tech Masters; ready to help coworkers to get better results through automatization.

Nowadays, Client has some software built "in-house" which Accenture uses. In the particular case of storing telecommunication related information; Client has developed a set of applications to be used by invoice processors and disputes team. Although the fact that Accenture must carry on with this set of applications as was already agreed on the contract has stopped any initiative to implement and phase in new software on the client developed by Accenture from an initial point; it has boosted the creation of supporting programs and extra modules for existing applications. Citrus team manager agrees that company is currently designing a tool to generate automatic disputes which will be incorporated and compatible to Client's platforms. Resolution is firm about adding this application to prime company's network and will represent an innovation driven from outsourcing company. Defining what represents an innovation must be stressed according to our studied telecommunication company: an innovation in terms of procedures, operations and software is any kind of activity, team, output and software which would be retained within Client's bounds even if contract with Accenture Services was terminated, in the sense that Client would keep carrying on and using these innovations and would expect output from them in the case of another outsourcing contract.

Accenture does not simply focus its strategy to satisfy Client needs in terms of cost per FTE on cutting down salaries by employing more Indians and less Polish. On the past years a new action plan has phased in a set of measures in order to save time (measured in hours) and gain capacity for innovation. Automatization, in practice, start as project went live but it was set to be a measurable objective as result of launching the project Automation Agenda on 2015 which aimed to save full time of 6 FTE on Warsaw service center. Unfortunately, consequences and real application of time saving techniques proofed that only time for 3 FTE could be saved.

Biggest technological innovation comes from a department specifically created for this purpose: BPIM team is a development axis to supply Client lasts innovation. BPIM team consists of qualified personnel from IT field and project management who offer solutions to the Client in the form of mini projects delivered on a regular basis. IT systems are generated by gathering information and resources from Finance Solution Managers who define strategy and initiative to be developed in regards to Procurement and Financial Systems.

Also Citrus team represents currently a proof to acknowledge that outsourcing has driven important changes to Client which would not have been promoted otherwise. CIV team is developed from the idea of dispute management on recurrent services such as internet

connections (usual product on the telecommunications companies). In view of the fact that circuits are billed monthly according to contracts signed by Buyers and processed by clerks in Warsaw and Chennai, this long chained procedure may lead to payments for incorrect billing of circuits. CIV team is in charge of gathering information from prices on contracts and performing a cross audit with charges billed on the invoice. In case of wrong billing a dispute with supplier is started to receive credits and fix errors on billing.

6.3.1 BPIM

BPIM became operative in Warsaw in 2012 after knowledge transfer from their predecessor, a team located in UK but not fully involved as current BPIM on its main activities. BPIM aims to create value to the Client by: 1) Cost savings (reducing FTEs or working hours) and 2) quality improvements (improving users interface and applications). BPIM is focused on four areas or sub ledgers: AP, AR, Purchasing and GL.

Cost savings are all the projects meant to automatize applications and procedures to avoid manual work, thus consequently employees to carry out those tasks. Reducing manual input and cycle time (speed) allows to employ less FTE on a certain sub ledger. BPIM works on all regions due to the fact their scope is not by regions but rather by sub ledgers and activities, for instance purchasing. Projects may be assigned from Finance Solutions pipeline or started by BPIM initiative (proactivity). The team has to work with key stakeholders on systems and processes governance in order to continuously improve.

Quality improvement stands for reducing defects and variation on ERP systems and other applications. This also requires supporting other teams, working on processes governance and maintenance. All global users are subjected to report issues and highlight areas to improve, thus BPIM members can be assigned depending to which sub ledgers belongs.

Before Accenture took over this department, Client was obtaining a results of 1 FTE saved on AP from the creation of BPIM until 2011; and 0 FTEs saved on the other sub ledgers. This is explained by the fact that before outsourcing the main focus was on quality improvement rather than cost savings. Also there were several barriers for cost saving since BPIM was located away from other operations (their previous location was on United Kingdom while AP, AR and purchasing were spread all over the world on local offices and GL was located on the United States) which did not allow fluent communication for trial and error of new projects, besides preventing knowledge exchange needed to develop large projects.

Starting on 2012, BPIM was located on a single location sharing open space with other teams operating globally in Warsaw. Team set their priorities on bringing extra savings for the Client in the form of cutting down manually work. On chart 6 is observed the evolution of results under Accenture stewardship and how gradually BPIM is contributing to automatize tasks by employing less clerks. On 2016, it is expected to reduce 8 working hours in all the sub ledgers except for GL which is on the maturity stage when no more improvements are forecasted.

Chart 6: BPIM metrics on FTE from 2011.

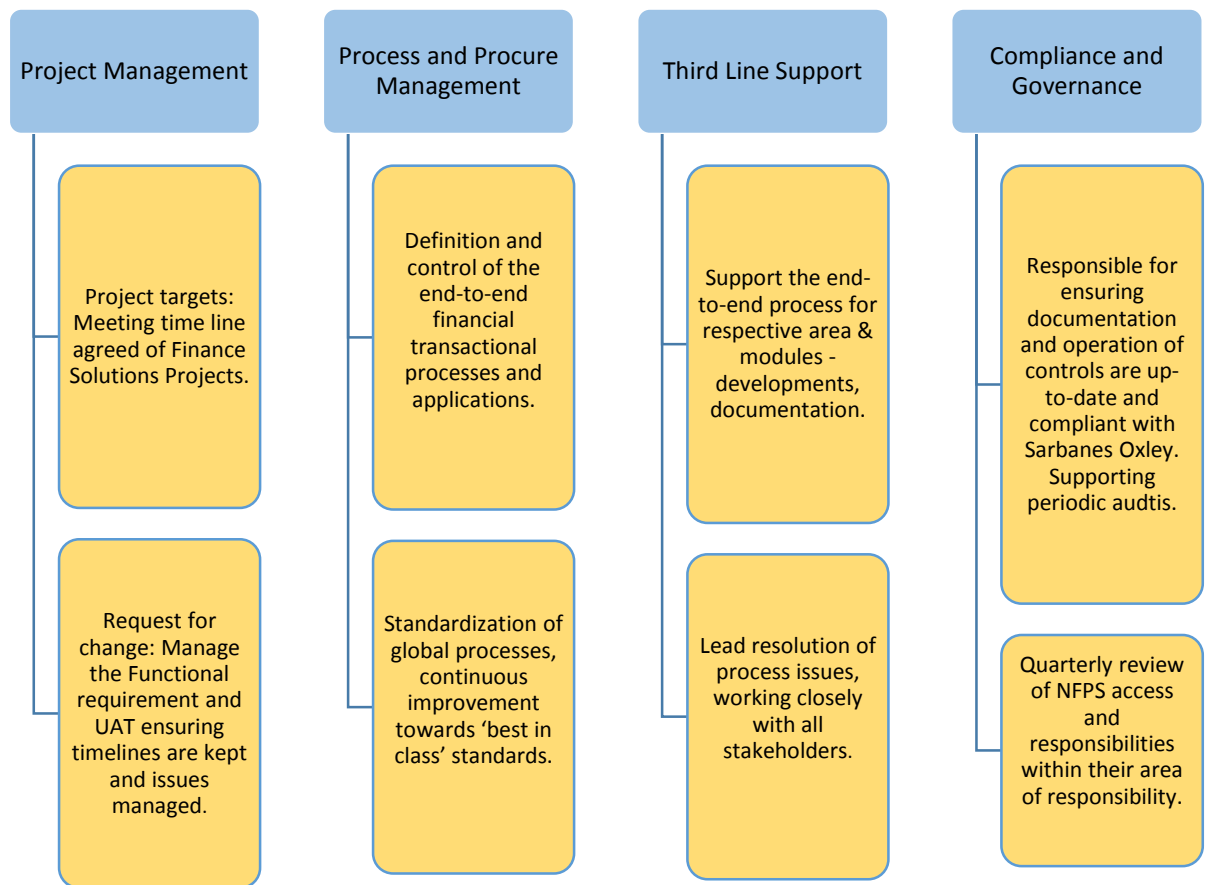
Results (FTE saved)	Client	Accenture				
	Previous to 2012	2012	2013	2014	2015	2016 (forecast)
AP	1	1	1	1	1	1
AR	0	2			1	1
Purchasing	0	1	2			1
GL	0	1	1	0	0	0

Source: Accenture & Author.

About BPIM structure, it is observed a similar trend already highlighted on previous cases: core activities which require complex procedures are not designed to be placed in Chennai by Client request. Client is aware that this activity requires project management skills, experience on ERP systems and IT knowledge, thus whole team is subjected to be placed in Warsaw and not in Chennai. This is a current trend on the Client since complex departments are agreed to be exclusively placed in Warsaw in order to avoid loss of accuracy or cultural barriers.

Their tasks also include definition and control of the end-to-end financial transactional processes and applications in line with their specialized finance subject area. Standardization of global processes, continuous improvement towards 'best in class' standards are characteristics of their projects delivered in towards process and procure management (Figure 5).

Figure 5: Areas of action of BPIM team.



Source: Accenture & Author.

6.3.2 Citrus Team

Citrus contract between Accenture and Client was set on the terms of offering a service of disputes and audits on telecommunication costs paid by Client. Accenture started offering this on 2013 which marked the beginning of a stronger interdependency Accenture-Client due to the fact disputes team before 2013 was considered as core activity of large relevancy. Relevancy of this activity has contributed to implement a new type of contract which is not connected to previous outsourcing contract: gain share contract. On a gain share contract Accenture bills Client on a basis of cost saving generated by Citrus team on based of their disputes. There are currently two sources to obtain savings: 1) Invoice validation, and 2) Disconnection validation.

Invoice validation generates sources for disputes with suppliers after crosschecking amount billed on invoice and amount stipulated on the contract. Citrus team receive an input of costs actually billed and have access to contracts information besides a fluid stream of communication with buyers placed on every region which allow them to perform audits on regular costs as well as extraordinary costs and open disputes if needed.

Disconnection validation results of disconnection orders for circuits leased by Client which are not executed by suppliers; Client continues receiving invoices for those circuits which should not be active anymore. This task involves contacting vendors to make sure they execute

disconnection orders and stop billing for those services and opening disputes to receive credit for overbilled amounts.

Establishment of this service to the Client has represented a large improvement for both parties. Under Accenture ownership, Citrus has enlarged its presence in all the regions, improved communication channels in such a complex scenario of telecommunication business and has been optimized by a constant process of innovation and lean management. Nowadays, members working in all regions are located all in Warsaw, fact which speeds up communication, knowledge transfer and consequently results.

On 2012, total cost of circuits leased by Client was 480 million € on all regions which generated a 5% of savings in form of credits received after disputes (Chart 7). Client was aware this was a great saving for the business and perhaps could be improved although not by keeping the activity within its boundaries. Disputes team members were spread on different locations which represented a difficulty, also lack of knowledge on telecommunication field was a barrier while disputing.

Client was satisfied after transferring some departments to Accenture Services and service was carried according to his preferences, so once again Client decided to expand the relation Accenture-Client. After the agreement with Accenture, Client has been experimenting a yearly increase of 20% over four years. Chart 7 shows the increase on yearly basis in terms of million euros per regions.

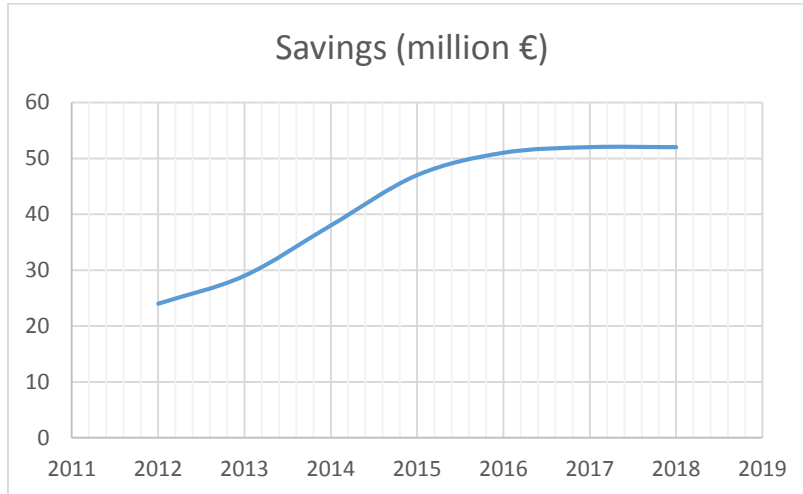
Chart 7: Savings per regions collected by Citrus from 2012.

Savings (million €)	Client	Accenture			
	Previous to 2013	2013	2014	2015	2016 (forecast)
LATAM	5	6	9	11	13
NAM	6	8	12	14	15
EUROPE	8	9	12	15	16
AFRICA	2	3	3	4	4
ASIA	3	3	2	3	3
Total	24	29	38	47	51

Source: Accenture & Author.

Forecast for 2016 predicts another raise up to 51 million which will be the highest amount of savings ever received by the Client. Future forecast foresee amount of savings to remain around that figure since process carried now by Accenture is on maturity stage and there is no current possibility to open new sources for savings as well current ones have been totally optimized and new software will be deployed in 2016.

Figure 6: Graphic of million € received from disputes by CIV.



Source: Accenture & Author.

7 Impact on environment.

7.1 Schools of languages & universities.

Accenture Services represents one of the most well-known outsourcing companies in the city of Warsaw. The essence of this business requires of workers with proficiency on international languages; this fact generates two big impacts for the city of Warsaw:

- Foreigners applying for jobs.
- Local students applying for language courses.

The capital of Poland is an attractive point for foreigners looking for a job which offers qualified positions and where skills on speaking international languages are appreciated. In addition, applicants from other nationalities are proposed with extra bonus in order to acquire speakers from non-common European languages (Danish, Dutch, and Norwegian). On the other hand, there are also candidates from Poland who acquire skills at foreign languages at language schools; these applicants are encouraged from the very first time to speak proficiently the studied language since on their professional positions they will have to face communication related to their activity with native speakers. Accenture has partnership agreements with language schools in order to facilitate this task, basically two kind of major agreements:

Polish lessons: For foreigners who are already proficient on the international language which they are speaking at their position but do not speak Polish. This class eases international workers to integrate among their co-workers from Poland.

International language lessons: Some applicants are granted language lessons but only those who fulfill requirements for a certain positions whose conditions turn out to be hard to find in a candidate and therefore spectrum of aspirants may be limited. These workers have the possibility to enrich their language skills by training sessions provided by the company in order to fully meet criteria for their job and only in cases when the clerk fulfills all the job needs but language skills.

Among local students, Accenture constantly seeks for new employees with a clearly outlined profile:

- Young graduates or nearly finished bachelors.
- Little experienced on professional world.
- Candidates seeking to gain experience.
- Proficient applicants on foreign languages.

7.2 Activities.

Accenture is present in many engaging activities which take place in Warsaw yearly. Main goal is to recruit candidates from other countries who can supply the company with needed skills in international languages. These campaigns include job fairs, speeches at universities and conference centers and sponsorship of activities organized for Erasmus students.

The high rotation of employees oblige company to be constantly recruiting candidates and due to the fact some positions are only available for speakers of not common languages, Accenture must benefit from any occasion of recruitment.

A relevant target to engage during activities are native speakers of different countries, since they would need less time of adaptation to their positions where they will performing their duties on their native language. Academic background on the field the job belongs to is also appreciated but company assumes these procedures may be learnt faster than language skills and therefore prioritize on these type of candidates even though they might lack knowledge of finance and accounting, marketing or content management.

A strong argument to convince applicants to accept job offers is the fact that already in the company they will be working with people on their same situation. A multicultural environment will welcome them and the possibility to communicate on English and even on their native language will be assured even though most of the workers will be Polish speakers.

8 Results

The results obtained on this study were aiming to prove how beneficial was outsourcing for a global enterprise on the telecommunications field. On previous papers, it has been stated that the advantages of outsourcing are based exclusively on financial savings for parent companies, although on this paper different arguments differing from cutting down costs have been pronounced and analyzed. Lowering costs from auxiliary activities and non-core operations is the first aim that attracts companies to outsource but as seen on this study if outsourcing company and parent continue doing business on the long run and exists predisposition to expand cooperation, both companies may generate innovation to each other.

Client has been obliged to face loss of accuracy and results after pushing prices down and obliging to move part of the project to India. This has been an acceptable loss since the percentage of savings pays off the decrease of performance. Nevertheless, Client and Accenture Services have always agreed to keep the value-added activities on Europe in order to avoid cultural barriers.

On this study, Accenture Services has brought innovation to its Client in the form of new processes resulted by project management techniques and lean management of activities despite the fact this branch of Accenture matrix is mainly focused on business process outsourcing. However, Accenture Services has also the influence of the consulting services provided by other branches of Accenture and this fact has been essential to offer the Client not only operations at lower price but also financial solutions, better results through higher revenue

plus lower costs and software innovation. Also, Accenture Services has used previous knowledge collected by engaging different clients in order to provide better results to studied Client.

Higher revenue has been achieved through a higher step of cooperation that has allowed the creation of Citrus team. CIV team has reorganized the previous disputes team and gathered all the members on a single location in order to favor cooperation and communication. Also, innovation on the form of software to initiate automatic disputes and speed up validations have influenced on a larger flow of income to the Client. The main result of this cooperation is that now the outsourcing company is not subjected to follow old procedures in terms of BPIM activity: Accenture Services adopted an activity which had a high degree of upgradability that Client was not able to implement. Outsourcing improved CIV results not only by lowering the human resources costs but also by developing new software solutions. Nowadays, outsourcing company is billing Client for a service that is constantly being improved and upgraded as seen on their results. Unlike other ledgers which would keep their previous stages prior to outsourcing, if BPIM was backshored the activity would have no similarities to what Accenture absorbed in 2012.

BPIM also represents a good example of larger cooperation Accenture-Client. As seen on 2007, Client begun to save a relevant percentage of human resources cost by outsourcing. Unlike other ledgers which have kept their results after outsourcing and have merely represented a cost saving due to the transfer of FTEs; BPIM has represented also an extraordinary improvement of results. Currently, this team is not only less costly but also more efficient as a results of applying knowledge and know-how resulted by previous outsourcing experiences with other clients.

Software innovation is been one of the consequences of Accenture's initiative to optimize all processes within this Client included on Automation Agenda and has been materialized by phasing in new solutions to avoid repetitive tasks without loss of accuracy and integrating the work for more teams not connected previously in order to create synergies added to new software applications to allow these connections. Tech Masters have played a key role to bring latest innovations on the project in order to make Client acknowledge that his operations would not have that technology degree without an outsourcing affiliate as Accenture Services.

Also on this study is been observed that outsourcing requires certain conditions on the environment in order to take hold and attract clients. One of the premises is gathering all the components related to a certain activity on the same location in order to apply economies of scale. Once operations are unified in terms of position, people with language skills are required to cover all geographic regions called language dependent. On the study case, language dependent regions are managed in Warsaw and this fact boosts an environment of foreign language speakers, both Polish and foreigners. It has been observed that over the years that number of foreign language speakers has increased and their employability as well. A city where outsourcing companies operate in can assure jobs and possibilities to new candidates who fulfill this criteria and captivate students from different fields. Nevertheless, outsourcing companies still lack candidates who can work using minor languages, thus lacking capacity to sign up contract extensions.

In addition to lower costs, Accenture has established a smooth transition from non-outsourced operations to outsourced activities; which has not affected the links between Client and his stakeholders: suppliers, clients, authorities and competitors. This has been achieved thanks to the presence of the first service center in Europe. Warsaw branch has served as a bridge towards larger savings while keeping previous procedures and updating them if necessary. Making this

transition effective and without bigger damage to the Client has been a key factor to keep trusting Accenture Services as outsourcing affiliate. Also strategy of cost leadership has been reinforced as a result of multiple savings that have occurred since the signing of the first agreement.

However, Client is not yet aware of the reality of transferring more activities to Chennai on the way to achieve lowest cost since as seen on previous literature; other forces apply when exceeding the front/back office model, such as Transaction Cost Theory.

Empirical results extracted from researching are only suitable for MNEs on the telecommunications field and conclude that:

- Outsourcing from countries located in North America or Western Europe to Poland represents on average 37% of savings on human resources cost.
- Introducing a combined model of one service center in Poland and one in Chennai represents an extra saving of 50% compare to previous cost of nearshoring.
- Spillover of knowledge and decrease on results and accuracy are avoidable by establishing a service center on one European country like Poland to act as bridge.
- Engagement of clerks from service centers is possible by assuring long term contracts and consequent job stability.
- Innovation on processes is achievable by establishing long term engagements with outsourcing companies with previous knowledge from different clients. Experience on consulting in the sense of lean management is also useful to be applied.
- On core activities on the telecommunications field, such as disputes and project management; outsourcing companies are capable to drive extraordinary results by applying technology improvements and gathering all components on a single location.
- Outsourcing companies generate a calling effect to attract human resources from other nationalities to the city of Warsaw as it is the location of the service center working for language dependent countries. Speaking national native language is not a requirement and foreign language speakers are more appreciated than local ones on some cases.

9 Conclusions

This paper aims ultimately to assert which improvements and strategies have empowered the growing relation of an outsourcing company with the prime MNE and which future steps could be taken in order to enhance closer collaboration.

Questions like how beneficial or detrimental is outsourcing for the prime company: controversially an initial cost saving might turn into a loss of knowledge and know-how as service centers do not act as knowledge transmitters. New workers from service centers might lack the feeling of ownership towards the company they are working for which is not the company which hires them. Therefore, these new employees could damage client's results as they are not aware of previous procedures: the most relevant factor is that employees from service centers are not attached to the future of the deal between the outsourcing company and the client.

Language dependence is also an objective to study as this is a benefit that only service centers in Europe can offer at the moment: Indian service centers might represent the biggest cost saving for clients but lack capacity to hire foreign language speakers. European service centers are more competitive to provide this kind of service even though they might represent a bigger

cost of human resources, approximately 50% compare to a branch in Chennai. Factors like promoting activities to recruit language speakers from other nationalities in Warsaw contribute to major capacity of qualified personnel as well as wider spectrum of academic studies offered by Polish universities on the philology field compare to Indian universities.

On the run to achieve lower global cost, clients require to offshore capacity on Asian countries, like India on our studied case: entire models of outsourcing in India or combine models of nearshoring/offshoring are the methods used for this purpose. This paper aims to conclude which model suits better the needs of an MNE on the field of telecommunications. Also how affects the inclusion of a service center in India on a previous model of outsourcing. Therefore, including a partner on India does not bring on decreases on the results of the service as long as a European center exists to act as visible face towards clients.

This paper has been based on previous papers written by Michael Porter in terms of explaining the competitive advantage of nations and companies, and how they interact. In order to explain the outsourcing tendency, we used the value chain described on his techniques to analyze industries and competitors. The competitive advantage of Poland to attract investments in the form of outsourcing has been analyzed using Porter's tools as well as the competitive advantage of the business process outsourcing industry which has been studied in details by tools, such as the five forces, PEST and SWOT analysis. Supplementary theories like Transaction Cost Theory has been observed as it could affect the company when exceeding offshore intensity. This paper has studied Korner's model to phase in outsourcing affiliates into client's operations and how expected results are critical to take decisions towards longer engagements.

Whether outsourcing may be described as a cost saving tool in accordance to cost leadership strategy defined by Porter or value creator is brought into discussion at this point. Transferring segments of the value chain offshore has been traditionally defined as a cost saving tool in accordance to this approach. Labor cost represents a high portion of the total cost for enterprises and among all the employees performing in all the departments; managers may determine which activities could be performed by different employees. Under right conditions outsourcing might perform a significantly cost saving while an additional tool for innovation. On our studied case, Accenture Services represents initially a tool for lowering costs but eventually had to take upon innovation strategies to keep improving the positive impact on Client.

Contrary to previous assumptions, a new approach has been defined lately on which outsourcing does not represent cheaper cost for an acceptable lower quality on the service but a method to lower cost and eventually create value for the prime company. In order to create value through innovation, service centers require the right environment: long term contracts with stable prices per service. A service center which is not under pressure to lower constantly the cost of the services offered may be able to start up new projects. Once the structure and hierarchy are determined and stable, an outsourcing company will promote strategies toward innovation for the client.

Also, on previous literature has been continually discussed outsourcing as a single term but this paper has aimed to differentiate outsourcing nearshore (Poland) and offshore (India). Discussion may start by determining advantages and disadvantages of each modality and which one suits our studied client the best. Nearshore studied on a Polish service center shows better knowledge and even specialization on the business field of their clients, Polish employees are more skilled than their colleagues in Chennai and still represent a cost saving compare to American or German workers for example. Oftenly, a service center in Poland works as a bridge to flow in all

the outsourced departments and support the knowledge transfer from client to later on transfer this knowledge within outsourcing company towards another branch located offshore. This is possible thanks to a better infrastructure on the European country, resulted of a deep process of change on the Polish economy and oriented to attract foreign investment.

On previous experiences, it is assumed that employees working on a service center are not able to perform on the same level as previous co-workers: they lack knowledge of procedures, regulations, know-how and deficiency of an ownership feeling towards prime company; although this assumption is not completely right: on our studied case; nearshore model proofs to be efficient and capable to conduct activities at the highest level. However, offshore is needed in order to compete rival MNEs which adopt same strategy; consequently resulting into worse results and less quality delivered.

On the other hand, offshore in India represents the cheapest option but also hires the less qualified employees. Indian service centers base their competitive advantage on populating positions with the highest number of heads possible in order to balance lack of knowledge or slower adaptation.

Continuing with the impact of outsourcing on the prime company, this paper has examined whether outsourcing is beneficial or damaging for the parent company. Benefit from outsourcing must be considered as a cost saving on labor cost subtracted by all transactional costs: outsourcing resulted not profitable when the prime company is obliged to backshore operations due to dissatisfaction and results not achieved. Our studied prime company is not considering to backshore operations as results stay positive and impact is beneficial to all the extents.

Regardless innovation factor offered by outsourcing company, lowering financial costs is the primary objective to transfer services to a service center. This paper has proofed that outsourcing can drive value creation on a client. Initially intended to be a mean to lower costs, hiring a service center may also increase revenue as well as decrease cost not merely by employing on countries with lower salaries. Outsourcing companies utilize the most advanced tools of project management in order to optimize resources as well as a proactive attitude towards innovations and improvements, proactivity initiated before client's resolution sometimes. This approach towards anticipating changes and opportunities in order to benefit earlier has influenced client's strategy as well.

Consequently, our general results point out that next improvements should be applied:

Locating resources nearshore or offshore is according to all data analyzed profitable as long as a mixed modality is deployed. Majority of capacity in India could generate an unacceptable loss of accuracy and drive down results due to cultural barriers and lack of efficient communication. On the studied case it has been observed that the tendency to move more FTEs to Chennai has started to decrease accuracy and standards required. However, the industry has become extremely competitive and service centers cannot afford hiring an entire engagement on a nearshore country, thus a mixed model of front/back office best suits client's needs in terms of standards and price level. Current models of dependency has shown efficiency and optimized results but service centers should be able to negotiate under more stable conditions in terms of service pricing. Long term contracts would allow outsourcing companies to distribute accordingly resources on multiple locations by judgment of which location offers better conditions for each activity instead of tending to locate as much resources as possible offshore in order to decrease costs to the maximum.

On the outsourcing market, there are multiple companies which dispute biggest contracts; all of them offering similar conditions at price per service. According to this study, outsourcing companies should change their approach to attract clients: current strategy to lower cost by moving FTEs to India is proven to lead to loss of accuracy and less expected results. On the top of this is the fact that outsourcing contracts are signed every two or three years, this provokes uncertainty for the outsourcing company which has to reorganize its resources after that short period in order to stay competitive and renew contract. Moving resources to India has been proven to be ineffective to innovation. After seen results, outsourcing companies should offer longer terms of contract which will allow them to work under certainty to deploy any kind of innovation to clients. Previous experiences with other clients might boost service centers prestige in order to attract new clients under the premise that results from previous engagements are expected to be repeated. Also previous experiences with different clients enlarge know-how and provide useful knowledge to be applied on future deals.

In regards of the impact of outsourcing on the local environment, on this study has been discussed the leverage of a company seeking for foreign language speakers. However, companies like Accenture yet have not reached full capacity to attract all operations from clients to their boundaries due to the fact that language barriers on certain regions demand of language speakers of minor tongues. These candidates are hard to find in the form of native speakers even considering the agglomeration of a capital city. Implementing training programs for new joiners on desktop procedures and language skills for minor language positions would entitle outsourcing companies to novate more activities from clients. Training programs should be defined in order to avoid spill overs of capacity once completed towards other companies which could benefit as well; long term contracts with early resignation fees could provide the right form to assure working capacity within the company to sign up new activities.

MNEs willing to outsource part of their departments should find in Poland a suitable location to locate the new source of their activities. Companies like Accenture Services with long experience on different business fields and consulting are capable to provide services at a lower price by keeping previous service standards. When markets become more competitive and larger cost savings are required, Accenture Services will bring in new resources by locating in India; strategy which will lower increasingly expenditures.

Spanish speakers currently unemployed and searching for a job at their home country could find employment in services centers like the one studied as they are constantly seeking for candidates to work on LATAM countries and Spain. Service centers offer attractive remuneration considering living conditions in Warsaw and opportunities to grow within the company. Lack of awareness of procedures is not a barrier as technology allows faster knowledge transfer and new joiners are ready to work autonomously after three months. Engagement of employees might be higher since outsourcing companies offer permanent contracts after trial periods of three months, fact which allows larger engagement between company and employees.

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