

Business Process Management in Indian Railways

(A Study with Reference to East Coast Railway)

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Abstract

The Globalised era has created competitive scenario in the global labour market. All companies have been striving hard to reduce cost, increasing quality and efficiency. The customer has choice of several products and services from national and international organizations. Therefore, every company has been keen on efficiency, quality and cost to satisfy the customers, therefore several companies have been following outsourcing of some of their human resource activities. This study is conducted with reference to East Coast Railway Zone of the outsourcing activities in Indian Railways.

The concept of Business Process outsourcing has been defined by several authors and experts on the subject, some of their views have been examined here. Business Process Outsourcing (BPO) is the management of one or more specific business processes or functions, e.g. procurement, finance, accounts, human resources, asset or property management by a third party. Outsourcing of a data center provides back office support to a number of business functions, thereby providing a service is shared by several, often unrelated business functions¹. It is the act of transferring some of organisations recurring internal activities and decision rights to outside providers as set forth in a contract². Outsourcing is the process of identifying the most suitable expert third party service provider administration and provision of the service in question³. It is defined simply as the movement of business processes from inside the organizations to an external service provider⁴.

Business process Outsourcing means contracting of operations and business and responsibilities of business function to a third-party company or service provider. A contract is an agreement between two or more parties usually venter between supplier⁵. Outsourcing is a management strategy by which an organization outsources major, non-core functions to specialized, efficient service providers. Companies have always hired special contractors for particular types of work, or to stabilize peaks and valleys in their workloads⁶.

Outsourcing is an enterprise management strategy in the face of globalization and growing competition. In the literal sense outsourcing denotes utilization of external resources. It occurs when the execution of tasks, functions and processes hitherto fulfilled in-house is commissioned to an external provider specialising in a given area on the basis of long-term co-operation⁷. Outsourcing is subcontracting a process, such as product design or manufacturing, to a third-party company. Outsourcing has been described as the assignation of services from one company to another (an activity as old as the first firms). It is essentially a division of labour.

The decision to outsource is often made in the interest of lowering cost or making better use of time and energy costs, redirecting or conserving energy directed at the competencies of a particular business, or to make more efficient use of land, labor, capital, (information) technology and resources. Outsourcing involves the transfer of the management and/or day-to-day execution

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of an entire business function to an external service provider⁸. Outsourcing is defined as moving a business function performed inside of an organization to a third-party business function provider. This means that a service or production that was accomplished inside an organization is now accomplished by another organization that is mandated to be a part of the same organization⁹.

Business process outsourcing (BPO) is a natural evolution of the provision of services through outsourcing. Business process outsourcing is generally understood as more than just buying inputs from a vendor, or buying non-core services from a provider. Rather, BPO outsourcing involves the transfer of a significant amount of management control; a degree of two-way information exchange, co-ordination and trust are involved¹⁰. Outsourcing can be defined as turning over all or part of an organizational activity to an outside vendor. In the services industry, outsourcing was traditionally restricted to basic support activities¹¹.

Business process outsourcing (BPO) is the leveraging of technology vendors to provide and manage a company's critical and/or non-critical enterprise applications. Through the business transformation process of service-oriented transformation, which leverages the technologies and standards of service-oriented architecture, companies can increasingly leverage third party companies that act as business service providers. Business process outsourcing can use off-shore resources, but is not required. Business process outsourcing (BPO) is the act of giving a third-party the responsibility of running what would otherwise be an internal system or service¹². Core competences are "skills" or "knowledge sets", not products or functions. Focus is on the intellectual skills that create a maintainable, yet temporary, competitive advantage¹³.

Need for the study:

The review of literature reveals that several studies were conducted all over globe on Business Processes Outsourcing from different perspectives. Their focus

was on different components of outsourcing also all aspects of BPO. Research on strategic BPO is scant in India and abroad. As it is an important area of research, this study has been taken up to throw some light on the strategic outsourcing in companies. BPO companies is growing fast and operating globally. It is true that the companies are "thinking globally". The role of companies has been increasing from time to time in creating employment and generating income. As the BPO companies need to manage people for competitive advantages over several companies, this study is carried out to study the important aspects of BPO business.

The Objectives of the Study:

- The main objectives of the study are:
- To examine the outsourcing; Business process outsourcing / management of the companies;
- To review research and literature on Business Processes Outsourcing and Human Resources implications;
- To study the perceptions of employees and customers on business process outsourcing;
- To offer suggestions for effective business process management of the organization.

Statistical Analysis:

Hypothesis – 1: Ho: there is no significance level of income among the different age categories of executives
Analysis of Income and Age of Executives.

Age Group	Frequency	Mean	Std. Deviation	Std. Error Mean
Below 30	97	3.596907	3.5843832	.3639390
41 – 50	43	5.165116	6.1471977	.9374389

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	5.161	.025	-1.893	138	.060
Equal variances not assumed			-1.559	55.067	.125

Concerning this general hypothesis, there was some specific categories of age and analyzed accordingly. It was sought to see if there is a significant difference in income level of executives with different age categories as a result, as one can see from the table below the t-

ratio for age category below 41-50 was 138 and the sig level was 0.06 which is greater than the alpha value of 0.05 and less than 0.10. Therefore, this result showed a significant difference at 10 % which implies that in these age categories; there is no sufficient mean income difference. As a result, the null hypothesis is accepted at the 5 % significance level. Analysis of Income and Age of Executives

Age Group	Frequency	Mean	Std. Deviation	Std. Error Mean
Below 30	97	3.596907	3.5843832	.3639390
Above 51	80	3.875000	2.8699446	.3208696

Levene's Test for Equality of Variances		t-test for Equality of Means			
F	Sig.	t	df	Sig. (2-tailed)	
Equal variances assumed	.119	.731	-.561	175	.575
Equal variances not assumed			-.573	174.860	.567

On the other hand, another specific hypothesis was sought to see if there is a significance difference between age categories of above 51 and their incomes the table below shown the t-ratio was -0.56 and was not statistically significant at 5% and the null hypothesis was rejected as the result revealed an insignificant and insufficient mean difference between age of executives of below 30 years and 51 plus. Analysis of Income and Age of Executives

Age Group	Frequency	Mean	Std. Deviation	Std. Error Mean
31 – 40	80	3.610000	2.9203173	.3265014
41 – 50	43	5.165116	6.1471977	.9374389

Levene's Test for Equality of Variances		t-test for Equality of Means			
F	Sig.	t	df	Sig. (2-tailed)	
Equal variances assumed	6.110	.015	-1.903	121	.059
Equal variances not assumed			-1.567	52.398	.123

Another important concern was to see the difference between income of executives in terms of age between 31-40 and 41-50 the t-ratio reported was -1.903 and its significant level is 0.059. This result therefore, reveals that there is a statistically significant difference at 10 % significant. However, the hypothesis was tested that there is a significance difference in income of executives between age of 31- 40 and 41-50 at 5 %, therefore, the null hypothesis was accepted as it is only significant at 10 %. Therefore, there is no a statistical significant

difference of income between the two categories as far as income is concerned.

Hypothesis – 2 Ho: There is a statistical significant difference between the education levels of executives with their respective gender categories. Analysis of educational level and gender of executives

Gender	Frequency	Mean	Std. Deviation	Std. Error Mean
Male	204	12.65	3.321	.231
Female	96	11.71	3.000	.308

Levene's Test for Equality of Variances		t-test for Equality of Means			
F	Sig.	t	df	Sig. (2-tailed)	
Equal variances assumed	8.018	.005	2.365	299	.019
Equal variances not assumed			2.455	200.876	.015

As far as this variable is concerned the calculated t-ratio depicted 2.455 and the respective p value or significance level reveals 0.019 which is less than 0.05 and the result entails there is a statistical significance difference between the two categories as far as educational level is concerned. Therefore, the null hypothesis was rejected at 5% significance level.

Hypothesis – 3 Ho: There is no significance difference between income levels of executive's irrespective of their management level they assume. Analysis of Income Level and Management Level of Executives

Level	Frequency	Mean	Std. Deviation	Std. Error Mean
Lower	69	2.494118	1.1574396	.1403602
Middle	139	3.600719	2.2331007	.1894091

Levene's Test for Equality of Variances		t-test for Equality of Means			
F	Sig.	t	df	Sig. (2-tailed)	
Equal variances assumed	.176	.675	-3.839	205	.000
Equal variances not assumed			-4.694	204.290	.000

The t-ratio calculated for executives assuming lower level management and middle level management was -4.694 and the significance level was 0.000. This result showed that there is a statistical significant mean difference of income of executives between lower level and middle level managers. The result was highly significant at 1% implying there is a sufficient statistical significance income difference between the two categories of management level and the null hypothesis was rejected at 5% significant level. Analysis of Income Level and Management Level of Executives

Level	Frequency	Mean	Std. Deviation	Std. Error Mean		
Lower	69	2.494118	1.1574396	.1403602		
Higher	92	5.426087	5.8231420	.6071045		
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed		9.887	.002	-4.090	158	.000
Equal variances not assumed				-4.705	100.598	.000

On the other hand another specific hypothesis was determined to see if there is a statistical mean difference between lower level executives and top level executives in their respective income. The t-statistics again showed a statistical significance difference as the t ratio is -4.075 and the respective significant level was 0.000. The result depicts a high statistical significance difference of income with management levels. Therefore, the null hypothesis was rejected as the significance level is 1%.

Hypothesis – 4 Ho: There was no significant difference of in the income of the different categories of customers age .Analysis of Income and Age of Customers

Age Group	Frequency	Mean	Std. Deviation	Std. Error Mean		
Below 30	113	3.844248	3.3331114	.3135527		
31 – 40	77	4.585714	4.6946698	.5350073		
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed		1.407	.237	-1.273	188	.204
Equal variances not assumed				-1.196	127.008	.234

In line with this hypothesis, there were some specific categories of age and analyzed accordingly. It was sought to see if there is a significant difference in income level of customers with different age categories as a result as one can see from the table below the t- ratio for age category below 30 and 31 – 40 was 1.196 and the sig level was 2.34 which is greater than the alpha value of 0.05. Therefore, this result showed an insignificant difference which implies that in these age categories; there is no sufficient mean income difference. As a result the null hypothesis is rejected at the 5 % significance level. Analysis of Income and Age of customers

Age Group	Frequency	Mean	Std. Deviation	Std. Error Mean		
Below 30	113	3.844248	3.3331114	.3135527		
41 – 50	51	3.748039	1.2441447	.1742151		
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed		0.889	0.347	.200	162	.842
Equal variances not assumed				.268	158.079	.789

On the other hand it was sought to determine if there is a significance income difference between age categories of below 30 years old and 41- 50 years old customers. As it can be seen from the table below there was no statistical difference in income level between the age categories. And the null hypothesis was again rejected at the 5 % significance level. Analysis of Income and Age of Customers

Age Group	Frequency	Mean	Std. Deviation	Std. Error Mean		
Below 30	113	3.844248	3.3331114	.3135527		
Above 50	59	3.816949	3.3571413	.4370626		
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed		.112	.738	.051	170	.959
Equal variances not assumed				.050	117.015	.960

Moreover, another specific hypothesis in line with the first hypothesis was to explore empirical information between age groups below 30 years old and a 51 plus old year customers. As a result, there was statistical significance difference shown between the age categories and the null hypothesis is rejected at 5 % significant level.

Suggestions:

The outsourcing activities mentioned above need to take cognizance of the emergence of these integrated logistics companies and take advantage of the kind of services that they provide. Empowerment of zonal railways and it is essential that the organizational reforms be extended to the regional/zonal level. An enabling framework can be created to stimulate internal competition among Zonal Railways with incentives and bonuses for high

performers. The proposals above on the empowerment of zonal railways should be implemented as preparation for their functioning within an overall corporate framework is carried out as proposed above for the Railways re-organization. Investment in infrastructure in India is increasingly being done through public private partnerships (PPP). The concept has now also been extended to railways infrastructural investments. As noted earlier, most railways in the world are run as government owned corporations, with the exception of the United States. Thus, extension of the PPP concept to the railways, while desirable has to be done carefully.

Conclusions:

Improper management of linen and slow progress in setting up ongoing projects led to the large scale of outsourcing of projects of linen and increased passenger dissatisfaction. Indian Railway also failed in implementing laid down norms for making provision of water taps and maintaining the existing facilities. Indian Railway needs to frame a time bound action plan at the zonal level for effective implementation of its policies and guidelines. IR needs to strengthen its monitoring mechanism, especially at the zonal level and ensure strict compliance of guidelines/instructions issued by the Railway Boards for achieving an improvement in the levels of cleanliness

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