Outsourcing Contact Centres to a Developing Country: A SWOT Analysis

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ABSTRACT
Contact centres have become an important growth industry in many developing and emerging countries, and there are good opportunities for countries with sound IT infrastructure to attract outsourced business from Northern Hemisphere organisations through offshoring. Executives from major companies in the Western Cape, South Africa that offer outsourcing services to European and American countries were interviewed. Using hermeneutic content analysis a SWOT analysis of important issues for setting up and operating contact centres in South Africa was performed. These issues are summarised, together with some relevant quotes from contact centre management. It was found that the strengths far outweighed the weaknesses, and opportunities exceeded threats. It is suggested that organisations in similar developing countries note the wide range of issues that emerged, and bear these in mind, with possible local adaptations, when themselves considering offering outsourced services.

Keywords
Contact centre, call centre, outsource, offshore, SWOT analysis, developing country, South Africa.

INTRODUCTION
Recent years have seen major expansion in the contact centre industry of many countries. With increased globalization and cost sensitivity, opportunities have arisen for the outsourcing of contact centres (offshoring) from developed to developing and emerging countries. Countries such as India and the Philippines have become leading suppliers of low cost offshoring services (Holman, Batt and Holtgrewe, 2007). Contact centres use information technology extensively because of the various channels (telephone, fax, email, SMS, instant messaging, online menus etc) they utilise to communicate with customers, and to access information systems (Aksin, Armony and Mehotra, 2007; Bernett and Jaramillo, 2001). Offshore outsourcing is primarily done to reduce costs, but also for increased flexibility, efficiency and scalability. It can be risky due to issues such as cultural misalignment and managerial difficulties (Rottman and Lacity, 2004).

Given the right conditions, a number of developing countries may be favourably placed for offering outsourcing of contact centres. It could be a valuable exercise for those considering offering or initiating offshored contact centre services to first conduct a SWOT (strengths, weaknesses, opportunities and threats) or similar analysis. Each country and organisation has its own mix of these factors, and it is essential to gain a realistic view of the potential for offshoring. This paper focuses on a SWOT analysis carried out in the Western Cape region of South Africa. The paper briefly reviews some background literature, then discusses the research methodology used, and devotes most space to listing the many derived SWOT components. Conclusions and recommendations then follow.

BACKGROUND

Contact Centres
Contact centres have moved from being cost-saving operations to more strategic ones, and in many cases have become the main customer contact point (Hart, Fichtner, Fjalestad and Langley, 2006; Kantsperger and Kunz, 2005; Richardson and Howcroft, 2006). Outsourcers generally want to ensure that the contact centre agents possess appropriate levels of skills, empathy, and experience of their products (Chen and Popovich, 2003; Payne and Frow, 2004). Agents need to speak the outsourcer’s language, and some outsourcers prefer to outsource to countries in a similar time zone. Management of centres has to carefully balance efficiency and profitability of operation with customer satisfaction and quick problem resolution (Batt and Moynihan, 2002; Hart, Chiang and Mbilizi, 2009).
The South African government has promoted this industry as a key growth area and source of job creation, with good results (Benner, 2006; Benner, Lewis and Omar, 2007). South Africa is often seen as a mix of 1st World and 3rd World economies, and classified by the World Bank (2009) as an upper middle income nation. Having recently discarded the previous Apartheid system, it does not quite fit Rostocki and Weistroffer’s (2009) definition of a transition economy, and could be termed a developing or emerging economy. The contact centre industry in the Western Cape has grown rapidly (Hart, Chiang and Mbilizi, 2009), and both national and international investors have expressed interest in the region. This study was carried out to identify factors that influence the attractiveness of the region, positively and negatively, for potential investors and outsourcers. While focused in the Western Cape, it is felt that many issues identified will be applicable elsewhere.

**SWOT Analysis**

A SWOT (strengths, weaknesses, opportunities, threats) analysis was used to describe the attractiveness of the Western Cape as an offshore destination for outsourcing of contact centres. Analytically this framework can be considered as the lens through which the data is examined, and researchers who have used it to describe a region’s attractiveness include Nair and Prasad (2004) and Weihrich (1999). Nair and Prasad (2004) used a SWOT matrix to determine the attractiveness of a state in India for offshore outsourcing, whereas Weihrich (1999) used it to analyse the competitive advantages and disadvantages of Germany.

The SWOT analysis is also called a TOWS matrix (Weihrich, 1999) or a WOTS-UP analysis (Rowe, Mason, Dickel, Mann and Mockler, 1994), and is a tool of situation analysis often used for strategic decision making (Thompson and Strickland, 1998). Rowe et al. (1994) state that a SWOT analysis helps find the best match between environmental trends (opportunities and threats) and internal capabilities (strengths and weaknesses). They also provide the following definitions for the components of a SWOT analysis:

- A strength is a resource or capacity the organisation can use effectively to achieve its objectives.
- A weakness is a limitation, fault, or defect in the organisation that will keep it from achieving its objectives.
- An opportunity is any favourable situation in the organisation's environment. It is usually a trend or change of some kind or an overlooked need that increases demand for a product or service and permits the firm to enhance its position by supplying it.
- A threat is any unfavourable situation in the organisation's environment that is potentially damaging to its strategy. The threat may be a barrier, a constraint, or anything external that might cause problems, damage or injury.

**OBJECTIVES**

To determine the main strengths, weaknesses, opportunities and threats related to offshoring of a contact centre to a developing country such as South Africa.

**RESEARCH METHODOLOGY**

**Research Philosophy and Approach**

Qualitative research methods were felt to be most appropriate for this study as they are designed to help us understand people and the social and cultural contexts in which we live (Myers and Avison, 2002). Myers (1997) also notes that as the focus of IS research shifts from technological to managerial and organisational issues, qualitative research methods become increasingly useful. Attractiveness aspects of contact centres were expected to cover a wide range of these areas.

While qualitative research can be positivistic (Yin, 1994), Klein and Myers (1999) state that research can be classified as interpretive if it is assumed that our knowledge of reality is gained only through social constructs such as language, consciousness, shared meanings, documents, tools, and other artefacts. Interpretive methods are aimed at producing an understanding of the context of an information system, and the process whereby the information system influences and is influenced by the context (Klein and Myers, 1999). Given its systemic nature, an interpretive research epistemology was therefore used to study the contact centre industry in the Western Cape.

**Analytical & Descriptive Framework: A Refined SWOT Analysis Model**

Porter (1990) argues that international success in a particular industry lies in four broad national attributes that shape the environment in which local firms compete, and either promote or impede the creation of competitive advantage: (1) Factor Conditions, (2) Demand Conditions, (3) Related and supporting industries and (4) Firm Strategy, structure and rivalry. These
determinants of national advantage are sometimes shown graphically as Porter’s “diamond”. Weihrich (1999) states that Porter’s (1990) model provides a useful framework for analysing the environment, and can complement a SWOT analysis. Much of the content of Porter’s (1990) model can be mapped on to and integrated into a SWOT analysis. For example, Weihrich (1999) argues that Porter’s (1990) factor conditions relate closely to a nation’s strengths in industrial production, and consequently to leading industries.

The SWOT framework has therefore been refined slightly in Figure 1 to include elements of Porter’s (1990) determinants in the context of contact centre outsourcing. This model is used due to its open ended, non-deterministic ability to explore and contextualise the analysis of the industry’s attractiveness in its current business environment. This refined SWOT model is not a SWOT analysis in the classic sense of the phrase – a tool organisations use for strategic decision making. It is being used to explore the attractiveness of the region for a particular business activity – offshore outsourcing of contact centres. Researchers such as Nair and Prasad (2004) and Weihrich (1999) have also used a SWOT analysis in similar contexts.

**Figure 1. Refined SWOT Analysis Framework for the Contact Centre Industry**

**Data Collection and Mode of Analysis**

The key issues identified in the literature review were used to develop a semi-structured open ended interview agenda. After two pilot interviews the interview instrument was modified slightly, and a series of semi-structured two hour interviews was conducted with senior executives of most of the major offshored contact centres in the Western Cape. These centres serviced the IT, energy, financial services, retail, insurance, government, travel, telecommunications, entertainment, and FMCG industries, offered English, Afrikaans, German, Dutch, French, Spanish, and various African languages, and had from 30 to 1000 agent seats. When transcribed from the recorded audio tapes, the thirteen interviews with contact centre executives averaged 6,300 words each.

The qualitative data obtained from these interviews was analysed and interpreted using a hermeneutic mode of qualitative content analysis (Klein and Myers, 1999; Mayring, 2000). A motivation for using qualitative content analysis is its applicability for analysing textual material that has been derived from semi-structured, open-ended interviews (Mostyn, 1985). If the principle of the hermeneutic circle (Klein and Myers, 1999) is applied to this study, the whole can be interpreted as the contact centre industry in the Western Cape. The parts can be interpreted as all of the factors or processes which influence and have the potential to influence this whole, either positively or negatively.

Using a coding agenda, all text from the transcripts was categorised into six broad deductive categories (strengths, weaknesses, opportunities, threats, desirable practices and not applicable). (Desirable practices are covered in Derakhshani and Hart (2010), and will not be referred to further here). Within each of the first four SWOT categories, sub-categories were derived inductively. In this way a list of key concepts was iteratively built up and refined to obtain the SWOT list. The content analysis process eventually generated 36 Strengths, 21 Weaknesses, 15 Opportunities and five Threats, with supporting quotes for each. Given space limitations, these will be summarized into groups, with each factor briefly described and shown in bold type, and limited use made of quotes. Where the same factor has both a strength and a weakness aspect, the relevant Weakness will be mentioned as a rider in the Strengths section, and not repeated under Weaknesses.
STRENGTHS

Government and National

The contact centre industry is one of five priority sectors identified in the Western Cape to grow employment, and Government Support drew most comment as a strength, largely very positive. For example: “In my opinion, government support in this industry is phenomenal. We wouldn’t have the growth that we are experiencing without government support.” The Department of Trade and Industry (DTI) was seen to promote South Africa strongly as an offshore destination abroad, and regional and national contact centre bodies, funded by government (Calling The Cape, Contacting Gauteng, and KZN On Source, and BPeSA) were praised. The few people mentioning Government Support as a weakness said it had come too late, and was not “agile” enough. International Recognition: South Africa was perceived by foreign investors as a recognisable destination for offshore outsourcing of contact centres. “When we call to the UK, we often say we’re calling from South Africa and that creates more of a positive response than if we said we are calling from the UK.”

Political and Economic Stability: Executives explained that foreign investors are not really concerned about the exact politics of a country so long as they know a multi-party democratic government exists. “It is perceived, and perception is reality, that we are stable politically and economically. The economic growth rate, inflation, exchange rates are very favourable macro-economically.” While certain executives felt that not providing Tax Holidays to outsourcers was a disincentive for offshoring to South Africa, others felt that this condition was better for the sustainability of the industry: “When the tax holiday finishes, what happens then?”

Regional and Local Environment

Quality of Life: The Western Cape has a strong tourist industry, and European surveys have rated Cape Town one of the best cities in the world to live. Many cited the favourable climate, low cost of living compared with developing countries, access to world class education and other benefits. “…one of the reasons [We] came here is because it is so executive friendly. If the executive has to go and see the offshore call centre, its nice that it’s in a place where you can take your wife and kids too.”

“…one of the main reasons for locating here [South Africa] is the Time Zone Compatibility with Europe” Because South Africa shares a similar time zone with Europe, many European operations have been handled by South African contact centres. Benefits mentioned of a similar time zone included “easier to manage clients in”, easier to travel to and from a destination, and “agent attrition rates are also lower”. A weakness mentioned was the difficulty of communicating with counterparts in Different Time Zones. “…a lot of people cite this when talking about moving their call centre operations out of India.” “America is a little bit more challenging in the sense that we’re anywhere between 6 and 8 hours ahead of them…”

A primary reason for outsourcing to developing countries is Access to Labour. Many expressed interest in unskilled labour: “What we do here is we take raw people in our call centres. People who have no call centre experience. We do not take experienced people here, because they have learned bad habits.” Interviewees also mentioned availability of more skilled labour: “We take people straight from college, or people still working in college, for evening shifts. There is Access to a Diverse Workforce of people in terms of language, culture and race: “There’s a whole range of people and cultures to choose from.” Similar Business Environment to the UK: British executives felt it was fairly easy to set up a company in South Africa, and that running a contact centre operation there is similar to in the UK. “[South African agents] have been exposed to a banking system that is the same as the UK, a local government that is almost identical, mobile phones…”

Technology and Infrastructure

Robust Telecommunications Infrastructure: “Despite the Telkom monopoly, the South African telecommunications infrastructure is actually quite good – much better than the likes of India …we have a good strong, reliable telecommunications backbone.” While not yet low enough, Decreasing Telecommunications Costs are a current positive factor. Almost all executives agreed that a strength is IT and Technology Support: “Somewhat bizarrely enough, from a technology perspective, we are quite mature. I think South Africa is far more mature from a technology perspective than say the United States.” “Our IT infrastructure is good; our call centre infrastructure is fine. I think IT knowledge is very good in this country.” Another strength is availability of Public Infrastructure, such as decent office buildings and roads: “In general, our infrastructure is quite good compared to what is available in India … We’re definitely first world in some instances from an infrastructures perspective.”

Contact Centre Industry Factors

Growth of the Industry and Interest in the Region: Executives felt that much of the growth was due to foreign investment: “we brought through more than 60 foreigners, from different companies, to see our location.” “The industry has grown
The strong track record with domestic contact centres in areas astronomical in the Western Cape and the Country as a whole.” Some contact centres have moved their head offices to Cape Town: “…We house our CEO and Global Sales and Marketing Director as well as the Global HR Manager – it’s all based here in Cape Town. The CFO as well – all the global functions are basically here as well.” Maturity of the Contact Centre Industry: Many interviewees noted that domestic contact centres were fairly mature. “We do have large banking and insurance call centres…” “There, the call centre industry is very mature, because they’ve been around for a hell of a long time.” Through its regional and national bodies the local industry has established Standards, Regulations and Agreements, seen as a sign of a maturing industry. A weakness mentioned regularly was that offshore outsourcing was still relatively immature: “We’re nowhere near India… If you look at India with offshoring, they’ve gone through the growing pains, the learnings…” Domestic Rivalry amongst contact centres in the Western Cape was a strength: “If there are several significant operators in your region, it gives your region credibility. It means that it clearly does have the infrastructure to support the industry.”

While an industry weakness is a Shortage of Middle Management, there is good Upper Management Availability and Competency, and senior South African managers are often exported to other emerging markets. Several executives mentioned that South African Agents are Not Unionised: “India’s contact centre industry is not unionised and that’s one of the reasons for the success of the Indian contact centre industry…” Many mentioned Competency in Financial Services, FMCG and Telecom Services, onshore and offshore: “The Western Cape particularly has the right skills in the sectors that we are specializing in, which is the Telecomm market, the FMCG and Financial Services.”

General Business Support

Availability of Formal Training Programs: “There are various institutions that are running call centre management courses and more and more people are getting recognised qualifications in terms of the call centre industry.” The strength of the IT and telecommunications industry in South Africa and the Presence of Supporting Industries has made the Western Cape attractive and kept costs down: “The call centre industry, like a lot of industries, is like an eco-system. Recruitment companies, training companies, technology companies, facilities companies, transport companies all grow and benefit as a result.” Domestic Demand for Contact Centre Services: The strong track record with domestic contact centres in areas such as financial services provides maturity and credibility for potential outsourcers. “…if you’ve serviced your home country, it increases your experience, it already gives you some of the economies required to be competitive from a price point of view, it gives you access to skilled management.”

Cost versus Value

Cost of Labour: “70% of the operating costs of a call centre are the people.” While South African labour costs are higher than destinations such as India or the Philippines, they are still significantly lower than those in developed nations, and a strength. Some saw Overall Costs as a weakness, but one interviewee commented: “The biggest attraction, and people make a mistake – is not cost. …People always think it’s cost, cost, cost, but it’s scalability.” Although South Africa can offer about 40% saving on UK prices, low costs alone do not attract foreign investors. Regarding the South African Value Proposition, one executive remarked: “Three factors are important in the world of call centres: quality, cost and service – I’d like to think of it as a triangle. In South Africa our strengths are quality and service, whereas places like India beat us on price…” Also: “clients are now balancing their risk by having operations spread in India, South Africa and the UK… The top 100 clients for example – they will retain in the UK. The bottom end of the market… is being handled in India. South Africa is being identified as the middle group of clients....”

Agent and Labour Characteristics

Agent Competency: Western Cape contact centre agents were generally felt to be enthusiastic, driven and very competent in handling calls. Reasons given were that tourism has encouraged an attitude of customer service, that agents are generally good listeners, and the high local unemployment rate. Fewer agents were required to do the same amount of work as their Asian counterparts, and transition costs of setting up a centre were lower. “The Work Ethic of our labour force is quite high. Our labour force generally has a desire to work.” This work ethic extends from agent level to management level as well. Compared to many of their international counterparts, South African operators are more trusted.

Agent Perceptions of Contact Centre Employment: “…in Cape Town, South Africa generally, they consider the call centre business a career. It’s not a stepping stone, as it would be in Europe”. This perception however depends on the industry serviced by the contact centre. Agents servicing financial institutions and airlines, for example, perceive contact centre employment as more of a career than agents doing help desk support. Some executives stated as a weakness that people in general often perceived contact centre employment as temporary.
Quality of Voice Services was deemed higher than that at other offshore destinations. All executives interviewed stated the English speaking South African Accent was neutral, acceptable, easy to understand, and adaptable to the target market served. “Everybody in the world likes a South African accent, because we are very neutral. We can talk to anybody with little training.” There was also a strong Cultural Affinity between South African operators and Western clients: “We’re stronger aligned to the European culture than the Indians are. We understand the ethos of a British person a lot better than an Indian person would in India.” “most South Africans know what’s happening in the UK. They are familiar with UK TV programs; they're familiar with the culture.” This helps to create Empathy and Understanding. “What we’ve found is that our staffs in Cape Town particularly... engage with people rather than robotically going through a script.” The above factors enhance a strong Outbound Sales Competency, for which management stated they were willing to pay a premium locally.

English Language Competency: While agents from elsewhere spoke English, their command of the language was weaker than that of South African agents. Even if English was not an agent’s mother tongue, it is still the country’s business language. Availability of Foreign Language Speakers: A significant proportion of centres interviewed serviced global non-English speaking clients. “…we’ve definitely got a great amount of foreign language skills, which we have access to here.”

Low Attrition Rates: “Even though our attrition rates are high, they are still much lower than India or the UK.” One executive felt that this was because the industry was as not as mature as other regions, where agents frequently job-hop. A weakness was that attrition was (not unexpectedly) higher in outbound sales.

WEAKNESSES

Government and National
Many executives voiced concern over the country's somewhat Stringent Labour Laws, the biggest criticism being the amount of time they can consume. A common sentiment was “Letting people go is a challenge… If you don’t do it properly, you can be in a lot of hot water with the labour law and the CCMA (Commission for Conciliation, Mediation and Arbitration.” For international business relationships, Currency Volatility was another concern. A typical comment was: “We’re not really too concerned about how strong or how weak the rand is as much as we are about how volatile the rand is.” Unfortunately, South Africa is generally known for a High Crime Rate. Many contact centres have to employ security guards. As stated by one executive: “People always say the more generic things, which are not specific to our sectors, but these things are a challenge. Crime is a big concern.” As far as foreign investment is concerned, this issue has seldom been a deterrent, but a challenge nonetheless:

Technology and Infrastructure
The Weakness mentioned most frequently was the monopolistic Telecommunications Service Provider, Telkom. Although competition has recently been introduced, and costs have decreased substantially, high costs of communications services and bandwidth were the biggest source of complaints. Executives described Telkom costs as prohibitive, expensive, exorbitant and uncompetitive. “…a lot of call centres that cannot compete sustainably at the international outsourcing level because of the prohibitive cost of communications, whether it be data or voice.” Telkom’s poor service was also perceived as a big weakness.

Power Outages, although relatively rare, recently became an issue, due to minimal generating expansion during a period of strongly increasing economic development. “we used to brag about Eskom being the world’s 2nd most efficient supplier of energy. The cheapest in the world I think… globally very, very effective and efficient, but unfortunately the tables seem to have turned.”

Public Transport by bus and train is limited, and worsens in the evenings. Many instead use local taxis. “Transport is a big concern. You open up a call centre and you have to hire the exorbitant costs of car-ing people from one area to another…” Property Issues: Some said that due to high competition for office space in the Western Cape, finding suitable office space for contact centre operations was a challenge.

Contact Centre Industry Factors
Access to Start Up Capital: Many executives felt that South African banks and venture capitalists lacked experience and understanding of the contact centre industry. “From the financial side of it – it does make it difficult to gather capital.” One commented that due to a somewhat monopolistic banking sector, “If you look at the banks here, there is that arrogant attitude. Why do you want to be a customer here?” Others noted that South African Business’ Understanding of the Industry was limited, reducing further expansion of the local industry. Many executives highlighted the difficulties contact centres in the Western Cape face when servicing the North American Market. For example: “We tend to have a cultural difference with America, so it’s quite difficult and the local agents don’t like to deal with the American market. We’re very passive people
here and Americans are the very opposite.” As with some regional United Kingdom accents, they often found it difficult to understand Middle American accents. Despite this, several contact centres in the Western Cape service North American clients.

Agent and Labour Issues
An agent weakness that surfaced was a Lack of IT and Technical Support Skills. Certain large IT organisations had chosen not to outsource to South Africa because of this weakness. A number of employees in the contact centre industry are affected by HIV/AIDS and Drugs, which contributes to a rising attrition rate. As one executive commented: “…you’re dealing with young people – they’re all between the ages of 20 and 25 and they have their own young people problems: sex, drugs and rock ‘n roll. That’s the reality of people that age.” A few Minor Cultural Issues (each mentioned by only one interviewee) were: South African agents were not good at conflict resolution, and at admitting mistakes, and will do only as much work as they are required to do and very seldom exceed expectations.

OPPORTUNITIES
Regional and Language Markets
Most interviewees suggested the South African Market was underserviced. One point: “Everyone has a cell phone….Now everyone can talk. Cell phones have really changed the call centre industry in South Africa.” Other opportunities include after sales service and support, outbound African language campaigns, general outbound selling, inbound FMCG product inquiries, and using contact centres as part of customer retention strategies.

Markets in the same time zone and with locally used languages could be further exploited. The major source is currently the UK. “Most of our income comes from the UK Market and I’d say that that’s where most of the opportunities lie for South African call centres.” Over half the Western Cape population speak Afrikaans fluently, and an opportunity mentioned frequently was the Dutch Speaking Market. “We run a program in conjunction with the South African Netherlands Chamber of Commerce… It’s a three month Dutch conversion program whereby we take Afrikaans [speaking] people and teach them to speak Dutch.” The European Market, with the same time zone, can be further serviced, particularly by the many German and French speakers living in Cape Town. Despite the difficulties mentioned under Threats, The US Market was serviced by some, and given as an opportunity, and Offshore Clients in general were suggested.

Alliances and Partnerships
Follow-The-Sun Service: By forming strategic global partnerships with various contact centres in key destinations around the world, contact centres will be able to provide clients 24 hour services, also known as follow-the-sun service. A Reciprocal Business Relationship with India: Some felt that e.g.: “South Africa is a great complement to India, who tends to be able to do high volume, low value call and South Africa is able to do high quality, less volume calls.” Greater opportunities could hence be created for both the South African and Indian contact centre industries by having a reciprocal or complementary business relationship with one another. Cross Selling: Contact centres can exploit this opportunity by offering customers from certain client companies products from other client companies, provided that both parties are in agreement.

Government-Related
As part of South Africa’s Arms Procurement deal, an Offset Programme was established, which has resulted in certain European suppliers investing in contact centres. Three interviewees mentioned the potential benefits contact centres could achieve by employing Visually Impaired and Handicapped Agents. This increases opportunities for both parties, and also assists firms to satisfy the government’s employment equity scorecards. Opportunities for individuals with no previous work experience: The industry was perceived by many executives as a solution to South Africa’s problem of high unemployment coupled with a skills shortage. People with little or no work experience receive good training and experience, and can then either continue their career in the contact centre industry or move to other industries, such as the financial services industry. The contact centre industry was also seen by many executives as an ideal starting ground for fresh graduates.

Niche Markets
Several interviewees mentioned Niche IT Services, such as ISP support, eCommerce support and outbound selling, which would require sound IT skills. Two others suggested Services for Previously Disadvantaged Communities, who had
generally undergone economic improvement, with potential demand. One noted that **Government Services** had needs, both locally and internationally.

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**Table 1. Summary of SWOT Analysis for Outsourcing of Contact Centres to South Africa**

**THREATS**

Nearly half the executives acknowledged **India** as a threat. “India is still the holy grail of offshore outsourcing…” The reason given was: “India is still the cheapest destination as far as cost is concerned. Within the next 10 years, I don’t think there will be another country that will be able to compete with India on the basis of cost…..” However, most executives did not perceive India as a threat as they felt that India serviced a different sector of the offshore outsourcing market. While **China** was not perceived as an immediate threat, one executive noted that if their domestic market eventually became saturated they might pose a future threat.

Many executives were worried by the growing trend amongst corporations in developed countries of **Near-Sourcing:** “if a company has made the decision to outsource, they would rather do it closer than further.” Despite a higher price of labour compared to developing countries, Canada is quoted as a threat as it is more culturally aligned and close to the U.S.
Similarly, Eastern European countries were identified due to geographical proximity to the European market, and the expansion of the European Union encouraging investment into Europe rather than other offshore destinations. **Saturated Offshore Outbound Markets:** One of South Africa’s strengths is a proven ability to perform outbound sales. A threat to this is an increasingly irritated client base, and further action on data privacy issues. Regarding outbound sales, one executive also mentioned the risk of getting unprofitable lists to call when making use of unreliable List Brokers.

**CONCLUSIONS AND RECOMMENDATIONS**

Table 1 summarises the SWOT factors obtained by the analysis, and confirms that the contact centre executives discussing outsourcing to the Western Cape mentioned far more strengths than weaknesses, and more opportunities than threats. The issues mentioned are wide-ranging and diverse, and many would not have been thought of without a thorough open-ended study. If the weaknesses can be addressed, where possible, and the threats mitigated, this study suggests that the strong growth shown to date can be continued, and new opportunities embarked upon. This has positive benefits for foreign investment and job creation in the region. Further research can be carried out into many of the areas covered, in order to see where difficulties may be overcome in future, improvements made, and advantage taken of opportunities.

There are many other developing countries with experience in, and the potential for, similar outsourcing. But each will have their own, possibly unique, combination of SWOT factors, and it is most important for them to investigate these, and analyse how they balance out. It is hoped that this study may be of value to other countries and organizations in assessing their capabilities and possibilities for contact centre outsourcing.

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**REFERENCES**