Market research into the willingness of Finnish Companies to outsource their operations

Sapana Budhathoki
Bachelor’s Thesis

22.12.2016 Kuopio, Finland

Bachelor’s degree (UAS)
Abstract

The process of transferring activities to other companies is known as outsourcing. The history of outsourcing is not very long. It was not even identified as a business strategy until 1989. The evolution of outsourcing started after companies started to outsource manufacturing supplies and labor to reduce the operating costs. Besides cost reduction, companies realized the additional benefits of outsourcing such as efficiency, flexibility and time saving. After this companies have started to outsource other activities like accounting, insurance, legal services, research and other business support services.

Katrium OÜ is an international contact center established in 2007 providing research and business support services all over Europe and Russia. It is a Finnish-owned company with operations located in Estonia and Spain.

The main objective of the research was to find potential customers in Finland, interested in outsourcing their operations, and to learn what operations would they like to outsource through Katrium OÜ.

The main purpose of the survey was to get a clear picture of the future customers and their needs. The theoretical part of the research is focused on outsourcing, history, advantages, disadvantages and contact center business. Quantitative and qualitative methods were used to do the research. The data was collected through a questionnaire survey. It was sent to 91 different online stores and research companies via email.

In conclusion, the research shows that Katrium OÜ provides all the services that their customers want to outsource among those who were surveyed. The companies who want to be contacted are interested in outsourcing their operations if offered reasonable prices and quality.

**Keywords**

Katrium OÜ, Outsourcing, research services, Potential Customers
## List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPS</td>
<td>Business support services</td>
</tr>
<tr>
<td>BPO</td>
<td>Business Process Outsourcing</td>
</tr>
<tr>
<td>B2B</td>
<td>Business to business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business to Consumer</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>ITO</td>
<td>Information technology outsourcing</td>
</tr>
<tr>
<td>KPO</td>
<td>Knowledge Process Outsourcing</td>
</tr>
</tbody>
</table>
List of Figures

FIGURE 2. Outsourcing by sub-functions (Young, 2011)
FIGURE 3. The Outsourcing Lifecycle (Mark J. Power, Kevin C. Dsouza, Carlo. Bonifazi, 2006)
FIGURE 4. Products and services provided by respondents
FIGURE 5. Outsourcing operations
FIGURE 6. Outsourced operations
FIGURE 7. Happiness level of those who have outsourced operations
FIGURE 8. Partnership with Research and consulting companies
FIGURE 9. Operations could be outsourced in future
FIGURE 10. Importance of business element

Table 1. Average (Opinion of Respondents)
1 INTRODUCTION

The idea of the topic was discovered during an internship in Katrium OÜ. The researcher worked as a research assistant for three months. Main duties and responsibilities were to make telephone call interviews for different projects. Among them, some were related to brand image, customer satisfaction, brand awareness, reminder calls and so on. Other tasks were to maintain and create databases and administrative works. The researcher had an opportunity to work and involve in varieties of projects from different business companies all over European countries. Being a Finnish-owned company it seems that they have less Finnish projects and customers than other Finnish-owned companies. Having seen the necessity of more customers it is relevant to perform market research for them to expand their market in Finland.

1.1 Description of research questions

The thesis will framework the following questions:

- Who are the Potential Customers of Katrium OÜ in Finland?
- Are they interested in outsourcing their operations?
- If yes what operations would they like to outsource?

1.2 Objectives and Limitations of Research

The main objective of the research is to find the potential customers who are interested and in need of outsourcing their operations to Katrium in Finland. The target research market is in Finland. The findings will give a clear picture of the future customers of Katrium and it will also help to know what the needs of their customers are. This research will also define outsourcing, history, types and the outsourcing services provided by Katrium.

1.3 Structure of Thesis

Research began with the collection of phone interviews and emails to a list of potential customer companies from Finland who are expected to practice outsourcing. The questionnaire will be recorded in webropol. The researcher will also define and explain about outsourcing in general, advantages and disadvantages of outsourcing operations, lifecycle of outsourcing and the process of outsourcing by Katrium. Description of the theory part will also be briefly explained as well as a description of the methodology, data collection, analysis, discussion, and results followed by the conclusion.
2 CONTACT CENTER INDUSTRY

A contact centre plays an important role for companies, as they are the primary channel to interact with customers and driving customer satisfaction, loyalty and revenue growth. A contact centre provides support in customer interaction channels including telephone, email, chat, web self-service, mobile, video and social media interactions.

There are reasons as to why contact centre outsourcing industry trends will heighten up. The evolution of business support Services (BPS) and business process Outsourcing (BPO) sector will be driven at the kick-off of 2015. Some of the top brands and companies using multilingual contact centre to serve customer care predicts for key trends that shape the BPS industry in future. (Vigroux, G. 2015.)

a) Business Process Improvement as a must-have

As outsourcing is not totally a new concept to the industry, outsourcing through contact centres will continue to shape because more and more companies have started to realize that it is not sufficient to transfer the business processes to a contact centre. Business process improvement aims to deliver improvements in the process in terms of speed, quality, cost and flexibility while building the capability required for continuous improvement. BPI analyses the client’s processes which identify opportunities to improve the quality or quantity of output. (Vigroux, G. 2015)

b) Customer Journey in the spotlight

In the past years, contact centre vendors were evaluated based on their low-cost ability to provide basic customer service. Now they are evaluated on their strategic ability to deliver on the customer journey and to add value to the customer experience. Basically, this gradual development of contact centres is leading them to be mere executants from a subcontractor. In the near future that will act as an essential strategic partner, an extension of client business and more essentially, its brand. (Vigroux, G. 2015)

c) All paths lead…. to Multichannel

They provide 24/7 /365 support and services anytime, anywhere from any device. Contact centres prefer working with other contact channels other than a phone which accounts more than 30% of customer service engagement. Business companies who follow multichannel customer strategy achieve their goals more than a double in more than a year improvements in customer satisfaction. It is a challenge for more and more companies to deliver multichan-
nel strategy and to focus on customer care strategy for their clients. Therefore, to deliver faster and better experience, customers have been now demanding in digital space see live chat and social media customer care as the answer. If they will not improve customer care, contact centres are expected to begin to offer it and those who fail to do that will leave further behind. (Vigroux.G, 2015)

d) Capabilities to source and develop the right talent

Contact centres’ ability to source skilled and qualified people will continue to serve as a competitive advantage. This is because clients expect their new business to be launched with a sufficient number of agents with all the skills, ready to deliver unique and exceptional customer experience. (Vigroux.G, 2015)

After being available in multichannel, consumers want customer care also available in their native language. A study from European commission revealed that 42% of consumers never purchase products or services in other languages. So, a contact centre with large talent pool to cope up with multichannel and the multilingual needs of their clients will be a preferred partner and ensured to be sustainable in the business environment. (Vigroux.G, 2015)

e) Industry Specialization-The command variable in the partner selection equation

The basic requirement is to be the expertise of the contact centre in the specific industry the consumer is serving in the selection process of a provider. This is because of the fact that it creates better alignment between the partners if the provider has extensive experience with the common issues and challenges of the clients. (Vigroux.G, 2015)

It is more essential to find a supplier with expertise to provide great customer experiences than having just a contact centre provider. Lack of industry expertise such as not knowing about the market, challenges they face in regular basis, risks of customer dissatisfaction, risks of losing time, effort and money will limit the ability to help their clients. Companies are in search to integrate their business process with industry expertise and therefore they put more and more effort to have partners with expertise. (Vigroux.G, 2015)

The 2014 AT Kearney Global Services Location Index ranked Bulgaria 1st in Europe and amongst top 10 worldwide most attractive outsourcing destinations for customer support. It was chosen because of its multilingual skills, highly educated and motivated work team, and reasonable pricing. Bulgaria and Eastern European countries like Romania are attractive choices for entrepreneurs serving various industries who are looking to outsource their customer service. (Vigroux.G, 2015)
2.1 Katrium OÜ

Katrium OÜ is an international contact research center founded in 2007. It is Finnish-owned company located in Spain and Estonia. Katrium offers research and business support service in Europe and Russia. Their operations are supported by a worldwide network of freelance professionals. Katrium’s services are targeted to the companies that operate locally and are searching internationalization or outsourcing their business operations. The main markets are Finland, Baltic countries, and Russia. (Katrium OÜ, 2016)

Katrium’s business slogan is ‘We will do it for you’ whereas mission of Katrium is to provide cost-effective services to their clients and customers by delivering the expected quality of services. Profit-oriented companies provide services and quality equal to the payment they receive from their customers to make more profit. The vision of Katrium is to build a long-term relationship with customers and employees to add value and goodwill in their business. As customers are king of the market it is most important to make them satisfied in order to sustain in long-term. They can be satisfied with sincere and skilled employees. Employees are the pillars so if they are strong and motivated in their responsibilities it is easy to achieve the objectives of the company. Therefore, Katrium is always concentrated towards their customers and employees to be happy. They value dedication, loyalty, and customer satisfaction (Katrium OÜ, 2016)

2.2 Katrium’s Services

They offer a wide range of services both domestic and international. As it is very important to track the business operating environment, customers, and employees, Katrium is professional to handle these areas to ensure its customers to meet their goals. They listen and analyze their customer’s wishes, language requirements to all small and big enterprises. (Katrium OÜ, 2016)

They operate in different languages

- Finnish
- English
- Estonian
- Russian
- Spanish
- Swedish
Also if required they are ready to provide services in another language through their native
speaker employees who are reliable, hardworking and experienced. Their services are effi-
cient and offered at reasonable price. It is helpful to save valuable time and money. (Katrium
OÜ, 2016)

They focus on

1. Research Services
   Both qualitative and quantitative research services are provided by Katrium. Evaluation. Planning and analyzing are done with
   - customer and personnel surveys
   - Competitor Surveys
   - Partner Research
   - Market and consumer Research
   - Mystery Shopping
   - Other qualitative research

2. Contact Center Services
   The contact center is located in Tallinn, Estonia. It provides inbound and outbound services.
   - Inbound Services are
     - Registration Services (Conference etc.)
     - Switchboard
     - Multilingual Customer Service
   - Outbound Services
     - Booking Services
     - Customer acquisition
     - Customer Management
     - B2B and B2C telemarketing
     - Quantitative and qualitative interviews
     - Event Marketing
3. Business Support Services

Katrium ensures versatile business support services from recruitment to secretary services. They have comprehensive and flexible back office services. They take sufficient care of their customer’s business. On the other hand, it is easy to concentrate on the core business while Katrium focuses on following areas. (Katrium OÜ, 2016)

- Recruitment Services
- Secretary Services
- Multilingual Language
  - (Translations services)
- Customer register creating and moderating
- Data entry Services
- Document processing
- Dictation and transcribing
- Handling daily customer relations
- Billing
- other (for e.g. ripping unnecessary document)
3 OUTSOURCING

Outsourcing can be defined as the process of transferring activities to other company. At this age, outsourcing is being more matured thus, on a grown market not only the reason that it reduces the cost of the business but it aims to achieve advanced objectives as accurate alignment with business strategies of the enterprise. It also helps enterprises to acquire competitive advantage (Pavaloaia, Danial, 2010). Due to advancement achieved by communications technology especially the internet, services can erase political boundaries through specific connections and networks which thereby gives the benefit of cheap labor force with high skills.

Depending on the location, it has been easy to find outsourcing companies to provide services and materials. Outsourcing can be domestic or international.

They key driver for outsourcing operations has been cost reduction. However, there are other drivers that are important. (Deloitte.co.uk, 2016)

- The speed of development: A new business entity can use outsourcing to place key functions faster and cheaper than developing it in the house.
- Flexibility: Outsourcing provides the capacity of rapidly growing, declining business to keep pace with the market and demand.
- Specialist Skills: Specialist areas such as IT, attracting, developing and retaining skills staff be a real challenge therefore easily provided by outsourcing companies
- Political Maneuvering: Near-shore and off-shore capability are politically acceptable to achieve the goal as off-shore is a sensitive topic. (Deloitte.co.uk 2016)

There are a lot outsourcing failure stories. There are a lot of possibilities to achieve significant saving and benefits through outsourcing yet a number of companies failed, get entangles in complexities and simply get wrong. Due to inadequate advice, planning, and management. Organizations cannot realize the benefits of outsourcing until they follow to the following steps:

a) Adequate plan, manage and retain the right level of control, / direction in the outsourcing relationship.

b) Establish and manage an effective governance process

c) Effectively manage the commercial, legal and financial risks of outsourcing

d) Effectively manage any transition and transformation phases(these being the highest risk and most failed upon phases along the life-cycle.(Deloitte.co.uk, 2016)
International outsourcing refers to the purchase of services or materials from a different enterprise which is located in a different country. The physical boundary is not a problem to outsource in today’s business world.

3.1 Outsourcing Operations

Outsourcing operations has been increasing in the business industry in recent years driven by cost reduction, adding flexibility, access to know-how and facilities that a company may be unable to afford alone to address changes in the market and customer demands (Kumar and Eickhoff, 2006; Ward, 2004). Growing competition in business has made business industry to be more efficient in all the areas. In order to focus in different areas, the need of outsourcing is increasing. The main aim of outsourcing is efficiency, flexibility, and low cost. Famous companies like Time Warner Inc., Hershey Foods, and The Wall Street Journal has claimed that they have been able to cut down their cost by outsourcing their operations. On the other hand, some companies like Dell, Capital one, and Jp Morgan have eliminated their outsourcing operation due to its hidden cost. They have enjoyed benefits of outsourcing that enabled to build and maintain their leading position in their industries (Quin, 1999). The trend of Research and development outsourcing has been also growing in pace which is based on cooperative research networks. MacPherson has pointed out that external vendors can provide innovative services to complement core competencies of client firm. The evidence suggests that it is not in-house stock of Core-Competencies” per se that seems to generate competitive edge (as the traditional outsourcing argument would predict), but rather the company’s ability to integrate and execute with speed and rely on external partnerships to compliment and supplement its own R and D capabilities (Carettas, Karl, 2009). Business leaders are still in confusion to outsource their operations due to the fact that they have a low budget, sufficient internal support and lack of time to find the reliable outsourcing companies.

“Outsourcing initiatives have evolved from short-term projects focused on cost savings to executive-level business strategies that enable companies to gain- and sustain revenues and profits in the competitive global marketplace.” (Power, Desouza, Bonifazi, 2006). There are two results of interest in outsourcing they are as follows:

- Outsourcing has been bantered around as the next big revolution the new management buzzword. (Mark J. Power, Kevin C. Desouza, Carlo. Bonifazi, 2006)
• When people talk about outsourcing they are normally not taking about the same ‘outsourcing’. (Power, Desouza, Bonifazi, 2006)

To address these two issues outsourcing is defined outlining the main players in the outsourcing relationships- the client, the vendor, and the work. As outsourcing is the act of transferring activities to another external party. Components of outsourcing in a figure are given below. (Power, Desouza, Bonifazi, 2006)

![Diagram of Outsourcing](image)

**FIGURE 1. Components of Outsourcing (Power, Desouza, Bonifazi, 2006)**

Three major components of outsourcing are client, vendor, and project. The client is the person or organization who wants to outsource a project. The vendor is the service provider who conducts the outsourced operation. The vendor can be located onshore or offshore. The project is activities itself being outsourced. In past manufacturing or industrial supplies were only outsourced today, however, outsourcing of more important and complex work such as R & D, software development. The client would like to get the work done by the vendor with superior quality for the lowest possible price but the vendor wants to collect more revenue so there might be issues while doing that. It is important to solve these issues by negotiating and contracting with documented legal bindings otherwise leads to a disastrous business relationship. (Power, Desouza, Bonifazi, 2006)
3.2 History of outsourcing

Outsourcing was not so much in practice as in today. It was not identified until 1989 as a strategy of the business. Companies use to only outsource external suppliers for a secondary purpose. They were unknown about the benefits of outsourcing. Due to the fact that they were self-insufficient, and were not much competent internally, they started outsourcing. Its evolution started after manufacturing companies started outsourcing industrial supplies and labor. Evolution in industry specialization brought the world to think to outsource in more different ways that business companies did. The market grew more rapidly and the need for outsourcing services was also realized. Outsourcing accounting, insurance, research, engineering and legal needs came into practice (Nearshore Technology 2016).

Next step of outsourcing services is outsourcing business support services. Organizations started focusing on cost-reducing strategies by 1990’s. Operations which are unrelated to core business such as accounting, human resources, data processing, internal mail distribution, security and maintenance work were realized to be outsourced by the managers. These types of outsourcing operations are still relevant today and increasing in daily business (Nearshore technology, 2016).

Total market revenue of global outsourcing in 2013 was 82.9 billion U.S. dollars. This shows that outsourcing has been rapidly growing .An increase of 37.3 billion dollars since the early 2000s (Statista.com 2014).IT outsourcing alone has reached to 287 billion dollars in 2013. Annual growth rate is 6.5% until 2017, average annual IT outsourcing investment has reached to 25% of total IT spend. This clearly shows that outsourcing market has grown into complexity as well as its size. The impact of IT on business is growing with economic uncertainty due to a strong focus on innovation (Nearshore technology, 2016).

3.3 Types of Outsourcing

The reason for outsourcing is changing from 19th and early 20th centuries until today. Most of the business now outsource core and non-strategic activities or more complex task of the business in order to bring their industry with best and advanced technology of the cutting edge. This benefits with outsourcing companies economies of scale and investment in the highly skilled human resource to concentrate on their core business activities. Outsourcing can be categorized to three forms.
- Business Process Outsourcing
- Information Technology Outsourcing
- Knowledge Process Outsourcing

Business Process Outsourcing (BPO)

Business Process Outsourcing can be defined as the transferring or contracting of non-primary activities and functions to the third party vendor. It includes accounting, human resources (HR), and finance and customer/call centre relations. Companies tend to outsource business process for efficiency, growth and speed because it provides sufficient time for employees to focus on other core activities of the business. BPO sometimes can be disadvantageous due to overdependence in outsourcing companies, hidden costs and delay in project completion due to lack of communication. (Technopedia, 2016)

BPO Can be divided into Back office outsourcing and front office outsourcing. Back office outsourcing includes internal business functions like billing or purchasing and front office outsourcing such as customer-related services such as marketing or technical support. It helps to manage data entry, data management, surveys, payment processing, quality assurance and accounting support. Back offices are vital to companies to keep business run smoothly. (Roseindia, 2016)

Front office outsourcing services are related to customer interactions such as telephone conversations, emails, fax and other types of communication with customers. BPO outsourcing contracted outside the country where the company is located is known as offshore outsourcing; contracted to company’s neighboring country is nearshore outsourcing and If BPO IS contracted with the other company in the own country is known as onshore outsourcing. (Techtarget, 2016)

Information Technology Outsourcing (ITO)

Information technology outsourcing (ITO) is being more and more popular nowadays due to advancement in technology and evolutions. Companies have to always follow the trend and adapt to the changes to stay competitive in the market. ITO strategy is to provide the best technology at the lowest possible cost and also should be going along with rapidly evolving technologies and market volatility. ITO includes electronic commerce, network infrastruc-
Knowledge Process Outsourcing (KPO)

Knowledge process outsourcing (KPO) can be defined as contracting knowledge and information related work such as research and development, financial consultancy and services, content writing and database development services, legal services, business and technical analysis and so on. This work needs more time, effort and knowledge. (Investopedia, 2016)

The above figure 2 shows services that are being outsourced to companies around the world. This figure illustrated the outsourcing activities with respect to the sub-function companies.
3.4 Advantages of outsourcing

The success of outsourcing largely depends upon the way in which contractors are managed and the type of activities being outsourced. Outsourcing is at its best when used for non-core skills. Non-core functions can often be completed quickly, efficiently and cost-effectively by outside contractors. Beside the cost effectiveness, another element that companies are willing to outsource is to avoid wage-related employment costs like pension, leave and vacation pay. Outsourcing firms achieve cost advantages, it heightens the focus on core competencies (Bettis, Bradley, & Hamel, 1992; D’Aveni & Ravenscraft, 1994; Kotabe, 1989; Lei & Hitt, 1995; Quinn, 1992). It also allows quick response to changes in the environment. Outsourcing companies provides 100% uptime from a different part of the world with the desired quality of the services which level up the confident of the business and increase the business continuity.

3.5 Disadvantages of outsourcing

The risks of outsourcing if listed then it is the loss of domestic jobs to overseas workers, increase in administrative costs for the organization. Reduction in the morale of workforce. Decreased employee performance and ethical trade-offs. It might disfigure a business if not handled in the right way. Also, enterprises can lose their core skills which are very difficult to re-establish. Intellectual quality such as competencies, processes, and know-how are the core of the business which needs to be kept in-house because if the core skills or knowledge leaks out from the company that might benefit to the competitors (Kumar and Eickhoff, 2006). Agents from different country possess different cultural background and knowledge, language fluency and communicating styles which can affect adversely in the quality of the services they provide. It is quite impossible to have a constant monitor for quality assurance to enhance the customer satisfaction in a stranger’s hand. Companies hired to outsource are often unfamiliar with the culture, practices, and values which do not bring devotion towards the customer and they are not able to reflect the company culture. Outsourcing agents have a different project at the same time which divides their attention, therefore, it is difficult to make sure that they give 100% of their effort. The flow of information between agents and companies may not be as in the departments in the same companies thus cooperation and communication become very less. A lot of hidden cost like legal issues, losing customers because of the poor customer service and cost to bring back those lost customers can increase the cost which is somewhere unseen. Outsourcing hinders the benefit of the learning experience of the workers in the company.
3.6 Outsourcing life cycle

Outsourcing should be used by the process-driven approach. It provides a systematic look to develop an outsourcing plan at the ‘how-to’ details. This process can be used in regardless of the nature of the outsourcing arrangement whether small or large, onshore or offshore, is functional or competency based, steps are followed to ensure that you are being effective in the management of the outsourcing relationship. Components do not change over time and project but the effectiveness and efficiency should be changed. Practice, experience and time should bring maturity and sophistication of how these steps go through during the outsourcing lifecycle. Process framework provides a consistent view of each and every detail in the outsourcing engagement. It should be improved for better results. (Power, Desouza, Carlo. Bonifazi, 2006)

FIGURE 3. The Outsourcing Lifecycle (Power, Desouza, Bonifazi, 2006)

Here is the description of figure 3.

Strategic analysis

Outsourcing is a strategic tool which helps the organization to employ to increase competitiveness and performance in the market. The decision to outsource suggested, reviewed and evaluated it becomes the measure focal point of the company to focus on core competencies. Typically the strategy is developed and discussed with the executive team, assessed operation, and financial risks. (Power, Desouza, Carlo. Bonifazi, 2006)
Need analysis
In this step there might be the situation that the team or project in the company might be not ready for outsourcing so prioritizing the needs and defining them in an operation level should be focused. Each project should follow need analysis. It is allied to a strategic assessment for the first stage. It is more details and concentrated as the nature of the project. Searching, evaluating, and mapping through particular requirements and articulate these needs to the potential vendors. (Power, Desouza, Carlo. Bonifazi, 2006)

Vendor Assessment
The third stage is to look, evaluate and choose the vendor for outsourcing needs. Good vendors can turn out to be partners. Right decision in choosing the vendors follows long lasting relationships and the wrong decision can damage the project of outsourcing. (Power, Desouza, Carlo. Bonifazi, 2006)

Contract and Negotiation management
After choosing the right vendor a legally binding outsourcing contract deal with good documentation is needed to be done. The contract document codifies the nature and scope of the business relationship. (Power, Desouza, Carlo. Bonifazi, 2006)

Project initiation and transition
This is called project initiation and transition phase. In this step, the organization gives control of the project to the vendor. They might experience issues and problems. This stage will announce the relationship between them, therefore, it is important to address and solve those issues. (Power, Desouza, Carlo. Bonifazi, 2006)

Relationship management
The outsourcing relationship becomes routine in this step. Focus point of this stage is to keep up to date with the outsourcing relationship. Evaluation, problem resolution, communication and knowledge management are included in this stage. (Power, Desouza, Carlo. Bonifazi, 2006)
Continuance modification or exit Strategies

Occasionally client organization may face a situation that requires evaluating and pausing for the future relationships. Changes to the vendors’ business strategies, innovation, and the market situations should also be considered. Project results and other elements should be considered to make the decision whether to continue or modify the existing relationships with the vendor. (Power, Desouza, Carlo. Bonifazi, 2006)

It is very important to follow each and every stage of the outsourcing life cycle in the prescribed manner in order to get the benefits of the outsourcing (Power, Desouza, Bonifazi, 2006)
4 POTENTIAL CUSTOMER RESEARCH

The aim of the research was to find the potential customer companies from Finland who are interested to outsource their operations through Katrium OÜ. What would be the needs and priorities of the future customers? So researcher asked (chapter 4.2) for the database which content the information of the companies which Katrium wanted to be contacted. The database content 91 companies 65 of them were online stores which provided diversified products and services and 27 of them were research companies. Researcher got 20 responses through Webropol. The questionnaire was sent in an e-mail. These companies were totally new to the case company as they were not their customers. Case company wants to know whether they know them or not. Are there any possibilities of these companies to be a customer in the future? Mixed method was relevant to do this research because quantitative method gives a figure which is easier to analyze.

4.1 Research Methodology

Mixed method was used for the research. Mixed of the qualitative and quantitative method. Mixed method has been used as a research method due to the fact that there is a need of comparing and explaining quantitative results with qualitative follow-up data collection and analysis. Also, it provides administrating after developing better measurement instruments by collecting and analyzing qualitative data. Quantitative research is effective to find the relationship between variables in the research for e.g. in this research we can relate who wants to outsource and what areas would they like to focus on. What are the reasons for outsourcing, who wants to outsource and what areas would they like to focus on statistical data? How many companies are interested and know about the case company. This method gives a clear picture of the present situation from the market, which is helpful to the researcher to analyze and interpret the target area for the case company (Creswell, 2014).

Quantitative data are easy to analyze through statistical and mathematical tools. The target market is Finland whereas web shops, insurance companies, and banks were taken into considerations. A questionnaire survey was sent to companies which were prepared in webropol. Both quantitative and qualitative method has limitations and strengths in order to overcome those limitations mixed method were used. As in this research there are open-ended and close-ended responses from the respondents. Therefore mixing or blending of data can be done from this mixed method (Creswell, 2014).
4.2 Data Collection

The questionnaire contents 13 questions which focused around the periphery of outsourcing. Each question aimed to provide relevant information to the researcher. Five of them were open-ended and seven of them were with options. The first part of the questionnaire aimed to find the type of services or products companies provide, which kind of operation they have outsourced their operations, whether they are satisfied with the services they have outsourced company has provided them. Furthermore main part of the questionnaire focused on the areas they want or had outsourced their operation in the past and the areas which they think to be important or less important. The options were the services provided by the case company to its customers. Last part of the questionnaire was about to know that if they know about the case company and want to be contacted in the future or not. The main aim was to know they can be a customer for case company in the upcoming days. The questionnaire is attached in appendix 1.

4.3 Description of Questionnaire

Questionnaire contents thirteen questions (Appendix 1). Aim of asking about their products and services was to know what the potential customers of Katrium offer to their customers and whether they have outsourced their operation or not make easier to offer them outsourcing operations in future with its benefits. If yes if they have outsourced their operations they can get the information about what kind of operation they have outsourced therefore Katrium could put those services in their menu so that they could get more customers. Knowing whether they are happy with the services they got from outsourcing operations may be valuable to find ways to make them happy if they are unhappy with the services they got. Understanding the trend what kind of companies do their customers have partnership with gives a clear picture that where they stand in the current situation in the market. Customer might change the outsourcing companies by some reason in the future so to get ready with attractive offer and prices it is relevant to know that these potential customers would like to get offered in the future. What are their preferences and what would they like to focus in upcoming days. Answers of these questions could let Katrium to be prepared for the future.
4.4 Basis of Analysis
Statistical tools such as bar diagrams, pie-charts, averages, mathematical calculations were done to analyze answers which had options to compare the findings from those companies who participates in the survey whereas open ended answers were analyzed by qualitative research method because answers differ from one companies to another.

4.5 Data Analysis
Among the 91 companies, 20 companies responded the questionnaire. First three questions were background information about the respondent company (Appendix 1) remaining of the questions were open-ended and choice questions. Answers from the questionnaire were analyzed by transferring data from webropol to excel and converted to relevant charts, figures and statistical calculations. The transformation was done according to the requirement of the objective of the thesis.

Respondents were from the diversified field they offer accessories for example bags, jewelry, watches, logo and printed products, restaurant foods boating supplies, bicycle parts, research and marketing services, baby clothes and so on.

FIGURE 4. Products and services provided by respondents (n=20)

The figure above (figure 4) shows that 20 companies were from different forms of the business, they offer varieties of products and services. 60% of them means 12 of them were research and consulting companies ho provides different research and consult-
ing services like marketing research, management and leadership evaluation surveys, competitor surveys, consulting services and so on. 40% of them that is 8 of them provides different products and services like clothing, accessories like jewelry, watches, restaurant foods, logos, bicycle parts software development and boating supplies.

![Figure 5. Outsourcing Operation (n=20)](image)

Above figure 5 shows that 50% of the companies has outsourced the operations and 50% have not outsourced in the questionnaire, question number 5(Appendix 1) was about the companies have outsourced their operations or not and a total of 20 respondents half of them had outsourced their operations and half have not outsourced.
Companies in today outsource various operations to run the business efficiently with cost effectiveness. Above figure 6 shows that companies who were respondent the question that aimed to know what operation have they outsourced out of them 47% of them outsource market research and interviews. Data was analyzed on the basis of the kind of the operation that the respondent company has outsourced. 24% of them outsourced translation services, 16% of them outsourced accounting, finance, and mailing services. Only 13% of them outsourced software and programming services. Here we can see that highest percentage of the companies outsourced market research and interviews and least percentage was software and programming. In the questionnaire, there was a question which was about whether the companies have worked with research and consulting companies the main objective of asking the question was as the case company provided research and consulting services to its customer. It would help them to know if they are already conducting research on the consulting companies like them or not.
FIGURE 7. Happiness level of those who have outsourced operations (n=16)

In the above figure 7, we see that those who have outsourced 38% of them agreed to be happy the highest percentage agreed to be happy. With the equal percentage that is 25% of respondent slightly agree and do not know at the same time about the operations they have outsourced. Both the groups who neither disagree nor agree and strongly disagree were 6%. 
Katrium is a contact research or consulting center they provide research services it is important for them to know that their future companies have already been working with consulting companies or not.

FIGURE 8 Partnership with Research consulting companies (n=20)

Figure 8 above shows that 57% of the companies have not worked with research and consulting companies whereas 43% of the companies have worked with research and consulting companies.

To know about the future if they are to outsource their operations respondents were asked that if they were to outsource their operation which areas would they focus to show that the company could offer those services to the companies.

Respondents were also asked the company details they have worked to outsource their operations. The question number 9 (Appendix 1) in response to the question number 11 of the respondent answered printing companies, consults, trainers, research companies, universities, mail, web advertisers and legal firms for legal issues.
In the above figure 9 it shows that 47% of the respondent would like to outsource customer acquisition which is highest of all. 41% wants to outsource competitor, customer and personnel surveys. Recruitment, event marketing, market and consumer research services will be outsourced by 29% of the respondent. Translation, B2B, B2C telemarketing services cover 24%. Data entry service, customer surveys occupy 18%. 12% of the respondent would want to outsource document processing, other qualitative research, mystery shopping, sales representation, instant messages, phone and skype calls. The least percentage that is 6% of the respondent would like to outsource dictation transcribing, customer register and moderating, customer management, booking services and multilingual customer service.

It is very important for outsourcing companies to know what elements are important for their customers to provide the services accordingly. Therefore in questionnaire 11(Appendix 1) was asked to evaluate the importance of customer service relationships, competitor or partner research, market and consumer research, handling daily customers and book-keeping.
Above figure 10 shows that customer service relationships are the most important element in the business. Respondents can choose more than one option in this question (Appendix 1). Therefore 88% of the respondent mentioned that it is very important to them. Followed by book-keeping and handling daily customer 57%, 50% of the respondent thinks that competitor and partner research is a very important element in their business.
Table 1. Opinion of Respondents

Number of respondents: 20

<table>
<thead>
<tr>
<th>Types Of Service</th>
<th>Opinion Of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very important</td>
</tr>
<tr>
<td>Customer service relationships</td>
<td>88 %</td>
</tr>
<tr>
<td>competitors or Partner research</td>
<td>34 %</td>
</tr>
<tr>
<td>Market and consumer research</td>
<td>37 %</td>
</tr>
<tr>
<td>Handling daily customer</td>
<td>50 %</td>
</tr>
<tr>
<td>Book keeping</td>
<td>57 %</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Elements | Respondents Opinion
---|---------------------
Customer service relationships | 2.8
competitors or Partner research | 2.5
Market and consumer research | 2.7
Handling daily customer | 2.7
Book keeping | 2.3

Average table (n=20)

If we see above figure it can be clearly seen that average of 2.8 people thinks that customer service relationships are very important. 2.5 of average people think competitors or partner research is fairly important. Market and consumer research and handling daily customer are taken as important element whereas 2.3 of average think that book-keeping is an important element in their business.

Last part of the question (Appendix 1) was asked to the respondent that whether they have heard about the case company or not out of 20 companies who have responded the survey 10% of them had heard about the company. 80% said that they have not heard at all about the company. 10% was curious if the company was international or Finnish. At the end of the questionnaire they were also asked that would they be like to be contacted in the future. 80% said they do not want to be contacted 5% do not need outsourcing services at all. And 15% said that Katrium can contact them and they would like to hear and discuss their offer and prices.

If we compare the respondents answer with those who wanted to be contacted by case company in future and those who do not want to be contacted in future researcher sees that
those who wants to be contacted are happy with the services they have outsourced. They have outsourced printing services, consulting services, marketing, translation, web panels, accounting and phone surveys. They are interested in outsourcing market and consumer research, booking services, customer acquisition, B2B, B2C telemarketing, customer acquisition, recruitment services, multilingual language translation, billing, customer and personnel surveys, competitor surveys and partner research. They want to discuss the price and offers with the case company.

4.6 Limitations

The main limitation of this research is that all the companies could not be contacted. The research was done by online stores, banks, insurance and research companies. There are a lot of web shops, banks, insurance, and research companies in Finland. The research was done by 90 companies. Those companies were from different fields they provide different products and services. There are a lot more than 90 companies. The area could me bigger due to lack of time it could not be done. Another risk of not getting an adequate number of responses from the ones contacted. A lot of research has been done by students. Companies get a lot of surveys which made them bored therefore sometimes they do not want to answer the survey. The main problem faced by the researcher was some companies do not want to respond because they had had a poor experience with past researchers. The researcher had also difficulties in finding the relevant reference about the outsourcing due to the lack of the outsourcing related book in the library. The Finnish language is also one of the reasons of not getting the response because most of the companies did not operate in another language than Finnish. The researcher had to rely on limited books, e-book, webpages and article published on the internet.

4.7 Reliability and Validity

Reliability indicates the stability and consistency measured by the instrument which helps to evaluate the goodness of the measure. Despite uncontrollable testing conditions or the state of the respondent themselves, the ability of the measure remains same over time of the test. “The reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument” (Research methods for business, pp-195, 196 2003). Whereas validity is an instrument to measure the test accurately what it’s supposed to. “Validity refers to the suitability or meaningfulness of the measurement” (Michael. S, Robert, 2015). Research is necessary to be reliable; it also needs to be valid.
Analysis of research can be only done when the collected data are reliable and valid. Author has collected data’s from different contacts from online web stores which are clothing, bags, accessories, restaurant, banks, insurance and research companies. They survey was in English and Finnish language. It could have done only in Finnish language but the author was not fluent in the language, therefore, was also used the English language. The results were interpreted on the basis of collected data and the Finnish answers were translated into English by the help of Finnish friends. Companies who were surveyed belong to diversified industry for example accessories, software, printing and research companies so the result may not differ than that of the findings in this research. The reliability of this work totally depends on the information’s that are provided by the surveyed companies.

4.8 Results

The objective of the research was focused on finding the potential customers in Finland. Out of 90 companies researcher was able to get 20 response. They belong to the diversified field which means that outsourcing is followed by all business groups. The case company can offer their services to all kinds of Business Company.

If we compare the response from the question Were they happy with the services provided by outsourcing companies and if they were to outsource their operations what areas will they focus on in the future? Respondents who were happy with outsourcing belongs to consulting, research, marketing, printing, software development, and accessories business. 90% of them have outsourced their operations they have outsourced research, finance, accounting, cleaning language translation, fieldwork, printing services, field work, telephone interviews, translation software and information security auditions, data center and law application. They have worked with consulting companies, research companies, universities and legal matter solving agencies.

In the future they would like to outsource customer and personnel surveys, competitor surveys, partner research, market and consumer research, mystery shopping, multilingual customer service, booking services, customer acquisition, customer management, B2B, b2c telemarketing, event marketing, recruitment, language translation, data entry services, document processing, dictation, billing and other services like instant messages, Skype, phone calls and sales representatives. The highest number of respondent likes to outsource competitor survey and customer acquisition followed by recruitment and language translation.

Customer service, Market, and consumer research is a very important element of business for the ones who were happy with the outsourcing. Only two companies have heard about the case company Katrium. Out of 10 companies who were happy with outsourcing 3 com-
panies would like to be contacted by the case company. The researcher has found 3 companies interested in outsourcing their services: Finnish Trade organization Fintra Oy, Tuki-
mus-ja- Analysointikeskus TAK Oy and Logotuote Oy. Fintra is a management consulting company which focuses on international growth. There is the possibility of changing their outsourcing companies because it is slightly happy with the outsourcing company it is work-
ing now. It would like to focus on customer acquisition, recruitment, customer management, multilingual language translation and billing in the future. TAK is a marketing research com-
pany which specializes in tourism and also wants to outsource customer acquisition, re-
cruitment billing, and translation services in the future. Last, but not the least is Logotuote, a logo and printing products company which would like to outsource competitor partner analy-
sis, customer survey, and consumer research. They have already worked with consulting companies, and if offered reasonable price and desired quality in the service they can be the customer of the case company.
5  CONCLUSIONS AND DISCUSSIONS

The purpose of this research is to find potential customers who want to outsource their operations to a case company. Starting with the introduction of the outsourcing, history of outsourcing, advantages and disadvantages of outsourcing, types of outsourcing, history, and life cycle of outsourcing were also reviewed. In addition to this, the author has also tried to review the outsourcing areas and the important factors to the companies who want to focus in these in the future.

Outsourcing helps to acquire competitive advantage to the firms. The process of transferring activities to other company is known as outsourcing. Despite having a short history of outsourcing activities trend has been growing due to having numerous benefits organizations tend to outsource their operations. Companies adopt outsourcing for speed development, flexibility, specialist skills, efficiency, and cost reduction and so on. In addition to a lot of advantages it has disadvantages also some of them are decreased employee performance, fear of losing core skills, a division of attention and effort, legal issues and miscommunication. Outsourcing has a systematic life cycle. Practice, experience and time bring maturity and consistency if followed with every step. Steps and components of outsourcing do not change with the types and size of outsourcing companies.

Data collection part was the most difficult task realized by me. The main reason was it took so long time to get the response back the questionnaire was sent via email. Respondent companies were Finnish companies they operate in the Finnish language. Lack of fluent language skill hindered in the flow of communication while doing research. Though the questionnaire was in both Finnish and English language result might have some effect as a researcher was not fluent in the Finnish language .It was realized when contacted them via phone. Respondents had difficulty in putting their views and answers in English. Chance of getting more responses and valuable information for client organization may have decreased by this reason to some extent. Reminder emails were also sent to them more than once and had to call them for the answers. Varieties of answers received from respondents were a complication to draw the conclusion. Time management was a challenge as client organization wanted findings in limited time frame. Time taken by respondents to respond was longer than expected which break the balance of time the author had planned. Lack of relevant sources(books) related to the subject from school’s library was another difficulty faced. Researcher got an opportunity learn a lot of things during the research while finding the relevant information and references.
According to results of the research, the author thinks that outsourcing operations have been increasing and are followed by all kinds of business organizations. This research shows that most of the surveyed companies outsource different kinds of research services from customer acquisition, competitor, to customer and partner surveys. There is a large number of consulting and contact centers in the market. Companies are willing to outsource their operations from those who offer their services with reasonable pricing and quality. Otherwise, there are a lot of options.

For future research purposes, it would be relevant to do research on the specific industry, for example, service providing companies, software developing companies or products development companies. The author thinks that research conducted in the Finnish language would give more effective and realistic findings. It would be effective and easy to communicate in the Finnish language to compare and relate the outsourcing operations that are outsourcing within the same field.
REFERENCES


Engardio, Pete & Arndt, Michael & Foust, Dean 2006. The future of outsourcing: How it's transforming whole industries and changing the way we work. Business Week 3969, 50-58


APPENDICES
APPENDIX 1. Survey Questionnaire

Market Research For outsourcing operations

1. Company Name / Yrityksen nimi

2. Full name / Nimi

3. Contact Number / Yhteysnumero

4. What products or services do you offer? Milloin tuotteita tai palveluita tarjoatte?
5. Have you ever outsourced your operations? Oletteko koskaan ulkoistaneet toimintaanne?
   ○ Yes
   ○ No

6. What kind of operation have you outsourced? Mitä toimintaa on ulkoistettu?

   

7. Were you happy with their services? Oletteko tyytyväinen kysäisten yritysten palveluihin?
   ○ Agree/Hyvä tyytyväinen
   ○ Slightly Agree/Tyytyväinen
   ○ Neither Agree Nor Disagree/Sitä väliltä
   ○ Disagree Slightly/Kohtuutain tytyväinen
   ○ Strongly disagree/Pahallakin
   ○ Don’t Know/En tiedä

8. Have you worked with research or consulting companies? Oletteko tehneet yhteistyötä tutkimus- tai konsulttivirastojen kanssa?
   ○ Yes
   ○ No
   ○ Please describe (optional)
9. Which kind of company have you worked with before? Milloissa yrityksissä olet työskennellyt ennen?

10. If you were to outsource your operations, what areas would you like to focus on? Jos sinun pitäisi ulkoistaa yritykseesi toimintojen, mihin aloihin haluaisit keskittyä?

Research Services / Tutkimuspalvelut
- Customer & personnel surveys / Asiakas ja henkilöstötutkimus
- Competitor surveys / Kilpailijatutkimus
- Partner research/ Competitor analysis
- Market & consumer research / Markkinointi
- Mystery shopping / Satunnaiset ostokset
- Other qualitative research / Muut laadulliset tutkimukset

Contact services / Yhteydenotto palvelut

Inbound / Saapuvat
- Meeting booking / Konferenssit
- Multilingual customer service / Monikielinen asiakaspalvelu

Outbound
- Booking services / Varauspalvelut
- Customer acquisition / Asiakaskäynnistä
- Customer management / Asiakastjärjestely
- B2B & B2C telemarketing / Telemarkkinointi

Quantitative & Qualitative interviews / maaratutkimus ja Laadullisestaastattelu
- Customer surveys / Asiakastutkimukset
- Event marketing / tapahtuman markkinointi

Business Support / Liiketoiminnan tuki
- Recruitment services / Hireytyinti
- Secretary services / Sisäpaperit
- Multilingual language translation services / Monikieliset käännöspalvelut
- Customer register creating & moderating / asiakashenkiloittimen luominen ja kehittäminen
- Data entry services / Tietojen syöttö
- Document processing / Asiakirjojen käsittely
- Dictation transcription / Sanelujen puhetaikaiskirjoitus

Handling daily customer relationships / Paivittäisen asiakassuhteiden ylläpito
- Billing / Laskutus
- Other: What? / Muu: Mitä?

11. How do you evaluate the importance of the following elements in your business or company? Miten arvostatte seuraavien asioiden tärkeyttä yrityksessäsin?

<table>
<thead>
<tr>
<th>Element</th>
<th>Very Important</th>
<th>Fairly Important</th>
<th>Average</th>
<th>Slightly Important</th>
<th>Not at all Important</th>
<th>No Opinion/Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service/ Asiakaspalvelu</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Competitors or Partner research / Kilpailijatutkimus</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Market and consumer research / Markkinäyttäminen</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Handling daily customer / Paivittäisen asiakaspalvelu</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Book keeping / kirjanpito</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
12. Have you heard about Katrium Oy? Oletko kuullut Katrium Oy:stä?

13. Would you like to be contacted by Katrium Oy about possibly outsourcing some of your operations? Haluaisitko että Katrium Oy ottaa sinun yhteyttä toiminnan mahdollisen ulkoistamisen puutteeseen?

Submit