

UNIVERSITY OF WALES TRINITY SAINT DAVID

A Portfolio On

Exploring the challenges to Business Process Outsourcing (BPO) growth in Bangladesh through institutional, educational, and economic lenses.

Prepared by

MAHBUBA SAKIA NAJMEE
Student ID: 2429342

Advancing to Doctoral Research Stage (LCDB7012_LON)

Lecturer: Prof Amare Desta

Programme: Doctor of Business Administration

Table of Content

Title	3
1. Research Objectives	3
2. Background	4
3. Literature Review	7
3.1 Investment Drivers in the BPO Sector	7
3.2 Business Environment Factors	8
3.3 Human Capital and Skills Development	9
3.4 Technological and Digital Infrastructure	10
3.5 Growth Opportunities and Sectoral Potential	11
3.6 Summary of Literature Gaps	11
4. Research Problem and Phenomenon	12
5. Setting and Context of the Research	12
6. Paradigmatic Stance and Research Assumptions	14
7. Theoretical Framework	16
8. Portfolio Elements: Listing and Expanded Analysis	19
9. Motivation for the Research	24
10. Significance of the Research	26
11. Target Audience for the Research	28
12. Expected Outputs of the Research	30
13. Analysis of Portfolio Elements	31
14. Research Plan	34
15. Final Topic Refinement	37
16. Integrated Summary of the Portfolio	38
17. Final Conclusion	40
References	41

Title

“Exploring the challenges to Business Process Outsourcing (BPO) growth in Bangladesh through institutional, educational, and economic lenses.”

This title reflects the core focus of the research: understanding why Bangladesh’s BPO industry has not reached its expected growth trajectory, what barriers are responsible, and how institutional, educational, and policy factors shape the sector’s development.

1. Research Objectives

The objectives of this research are grounded in the gaps identified in the literature and the contextual challenges facing Bangladesh’s BPO sector. They are designed to guide a systematic investigation into the structural, institutional, and human capital issues affecting the industry.

Primary Objectives

- i. To identify and analyse the key challenges hindering Bangladesh’s BPO sector from achieving its expected level of growth. This includes examining infrastructural limitations, skill shortages, regulatory constraints, and market dynamics.
- ii. To examine the major structural, institutional, and operational barriers affecting the sustainable growth of the BPO industry in Bangladesh. This objective focuses on governance, policy implementation, bureaucratic inefficiencies, and institutional coordination.
- iii. To assess the alignment between Bangladesh’s education system and the skill requirements of the BPO industry. This includes evaluating technical skills, soft skills, English proficiency, and ICT competencies.
- iv. To evaluate the role, effectiveness, and extent of support provided by government agencies in promoting the development and

competitiveness of the BPO sector. This involves analysing policy incentives, ICT infrastructure initiatives, and public–private partnerships.

Secondary Objectives

- To identify opportunities for innovation, diversification, and regional development within the BPO sector.
- To propose evidence-based policy recommendations for strengthening the sector.

2. Background

The Business Process Outsourcing (BPO) industry has become a central driver of global economic transformation, enabling firms to externalise non-core functions to specialised service providers. This shift has been fuelled by technological advancements, cost pressures, and the need for operational efficiency (Dolgui & Proth, 2013). Globally, the BPO market was valued at approximately USD 262 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 9.4% between 2023 and 2030 (The Future of BPO, 2024). Countries such as India and the Philippines have capitalised on this trend, establishing themselves as global leaders through strategic investments in ICT infrastructure, workforce development, and policy support (Huda et al., 2025).

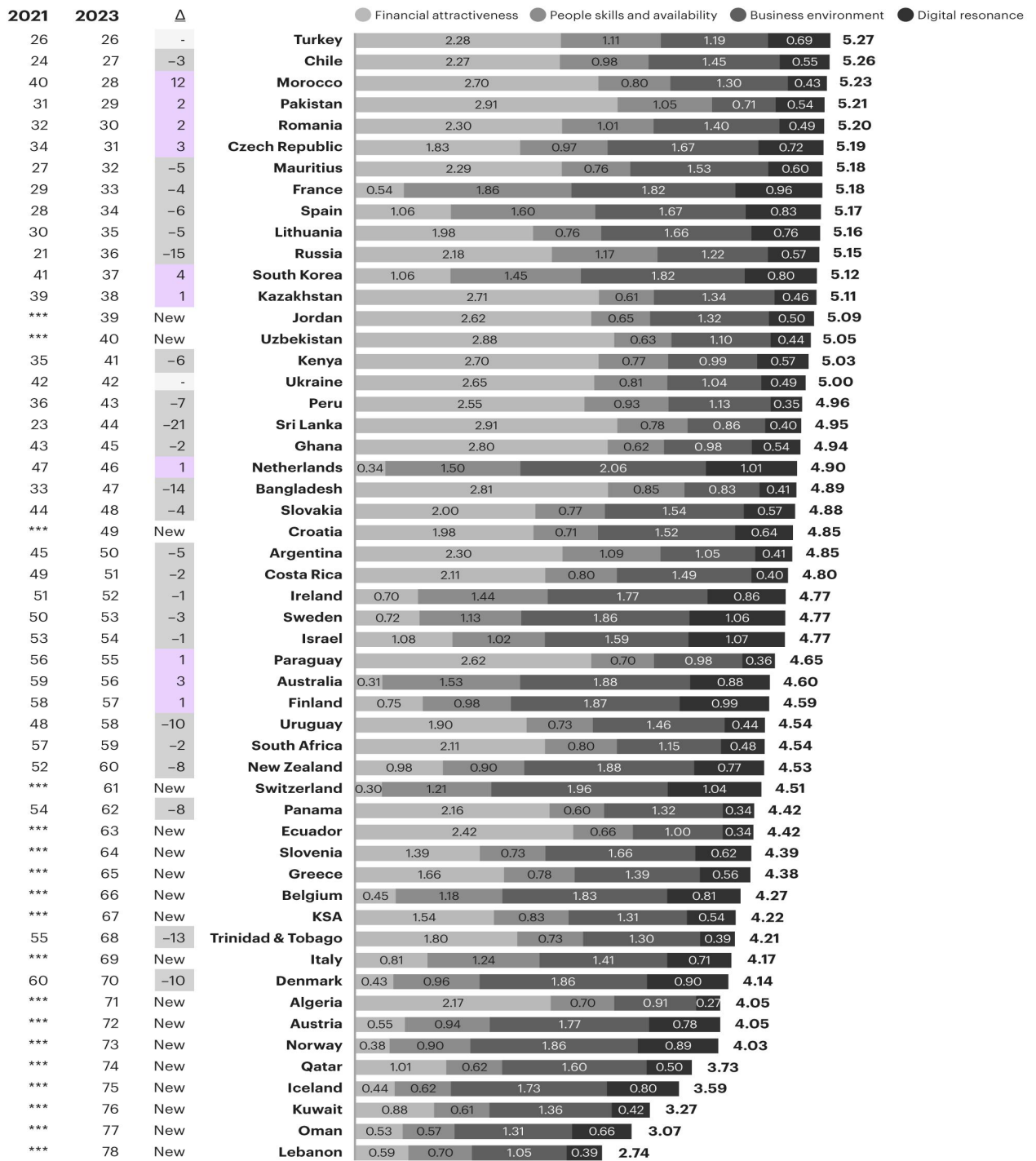
Bangladesh entered the BPO industry in 2004 and has since made gradual progress, with over 500 firms now operating in the sector (Ruslan, 2019). The

country possesses several competitive advantages, including a large, youthful population, low labour costs, and growing digital infrastructure. Bangladesh's population of nearly 170 million includes approximately 80 million graduates (BBS, 2023), creating a substantial potential workforce for the BPO sector.

Despite these advantages, the sector's growth has been slower than expected. Employment in the BPO industry increased from 25,000 in 2016 to around 70,000 in 2022 (Acote, 2023), but this remains modest compared to the nearly 800,000 unemployed graduates in the country (Star Business Report, 2023). This mismatch between labour supply and industry absorption highlights structural inefficiencies and underutilised potential.

Bangladesh's global competitiveness ranking also reflects these challenges. According to the Kearney Global Services Location Index (GSLI) 2023, Bangladesh ranks 47th, behind India (1st), Pakistan (29th), and Sri Lanka (44th). While the country offers cost advantages, it lags in skill readiness, business environment quality, and digital infrastructure.

GSLI 26-78



Increased Decreased No change *** Not ranked in previous GSLI

Note: GSLI is the Global Services Location Index.

Source: Kearney analysis

Figure - 1: GSLI Ranking

The government has introduced several initiatives, including ICT parks, tax incentives, and the Digital Bangladesh Vision 2041. However, policy implementation gaps, bureaucratic delays, and limited coordination between agencies continue to hinder progress (Bose et al., 2013; Bhuiyan et al., 2023).

This background establishes the need for a comprehensive investigation into the barriers affecting the sector's growth and the institutional, educational, and policy reforms required to unlock its potential.

3. Literature Review

The Business Process Outsourcing (BPO) sector has been widely studied across disciplines such as international business, information systems, development economics, and labour studies. The literature highlights the strategic importance of outsourcing for cost reduction, operational efficiency, and global competitiveness (Lacity et al., 2010; Oshri et al., 2015). For developing economies, BPO represents a pathway to economic diversification, employment generation, and integration into global value chains (Gereffi & Fernandez-Stark, 2016). This review synthesises global and Bangladesh-specific literature across five thematic areas: investment drivers, business environment factors, human capital and skills, technological infrastructure, and growth opportunities.

3.1 Investment Drivers in the BPO Sector

Foreign Direct Investment (FDI)

FDI is a major catalyst for BPO development. It brings capital, managerial expertise, and access to international markets (Dunning, 1993). Countries

such as India and the Philippines have leveraged FDI to build globally competitive outsourcing ecosystems (Athreye, 2005; Aspray et al., 2006). Research shows that predictable regulatory environments, strong intellectual property protection, and investment-friendly policies are essential for attracting FDI into service sectors (Mishra & Choudhury, 2015).

In Bangladesh, however, bureaucratic delays, policy inconsistency, and infrastructural bottlenecks limit FDI inflows into ICT and BPO services (Rahman & Yusuf, 2019). While the government offers tax incentives and export subsidies, studies indicate that administrative inefficiencies reduce their effectiveness (Bhuiyan et al., 2023).

Cost Efficiency

Cost arbitrage is a foundational driver of outsourcing decisions (Jensen & Pedersen, 2011). Bangladesh offers labour costs significantly lower than India and the Philippines, making it attractive for low-value BPO tasks (Sakib et al., 2023). However, the literature warns that cost-based competitiveness is not sustainable in the long term without parallel improvements in quality, innovation, and skill development (Lewin & Peeters, 2006).

3.2 Business Environment Factors

Regulatory Frameworks and Governance

A transparent and efficient regulatory environment is essential for BPO growth (Dawar & Frost, 1999). Countries with streamlined business registration, strong contract enforcement, and robust data protection laws tend to attract more outsourcing clients (UNCTAD, 2021). India's IT Act (2000) and the Philippines' Data Privacy Act (2012) are often cited as examples of enabling legislation.

Bangladesh, however, faces persistent governance challenges. Studies highlight issues such as corruption, red tape, and weak enforcement of

ICT-related regulations (Kang, 2021; Dewar & Templeton, 2020). The absence of strong data protection laws also limits Bangladesh's ability to attract high-value outsourcing contracts involving sensitive information.

Ease of Doing Business

The World Bank's Doing Business indicators consistently show that countries with simpler regulatory processes attract more service-sector investment (World Bank, 2020). Bangladesh has improved in areas such as business registration and digital government services, but still lags behind regional competitors in contract enforcement, taxation, and infrastructure reliability (Rahman, 2022).

3.3 Human Capital and Skills Development

Human Capital Theory and BPO

Human capital theory emphasises the role of education and skills in enhancing productivity and economic growth (Becker, 1993). In the BPO sector, workforce quality—particularly English proficiency, communication skills, and ICT competencies—is a critical determinant of competitiveness (Budhwar et al., 2009).

Skill Mismatches in Bangladesh

Bangladesh has a large pool of graduates, but studies consistently report skill mismatches between education outputs and industry needs (Mamun et al., 2019; Huda et al., 2025). Employers cite deficiencies in:

- English language proficiency
- Customer service skills
- Problem-solving and analytical abilities
- Technical ICT skills
- Professional behaviour and soft skills

This mismatch is attributed to outdated curricula, limited practical training, and weak industry–academia collaboration (Alam & Khalifa, 2020).

Training and Workforce Readiness

Countries like India have built strong training ecosystems through public–private partnerships (NASSCOM, 2019). In contrast, Bangladesh’s training programs are fragmented and often lack quality assurance (Zohir, 2023). The literature emphasises the need for competency-based training, certification systems, and employer-driven curriculum reform (ILO, 2021).

3.4 Technological and Digital Infrastructure

ICT Infrastructure as a Foundation for BPO

Robust ICT infrastructure—high-speed internet, reliable electricity, data centres, and cybersecurity—is essential for BPO operations (Oshri et al., 2015). Countries that invested early in digital infrastructure, such as India’s Software Technology Parks (STPI), gained a competitive advantage (Athreye, 2005).

Bangladesh’s Digital Infrastructure

Bangladesh has made progress through initiatives like the National ICT Policy and the establishment of Hi-Tech Parks (Aziz, 2020). However, challenges persist:

- Frequent power outages
- Limited broadband penetration outside major cities
- High internet costs relative to income
- Weak cybersecurity frameworks

These issues reduce the reliability of service delivery and deter international clients (Zohir, 2023).

3.5 Growth Opportunities and Sectoral Potential

Diversification into Higher-Value Services

The global outsourcing market is shifting from low-value call centre work to high-value Knowledge Process Outsourcing (KPO), analytics, fintech, and healthcare outsourcing (Larsen et al., 2023). Bangladesh has potential in these areas due to its growing ICT talent base, but requires stronger innovation ecosystems and R&D investment (Razzaque et al., 2020).

Employment Generation and Social Impact

BPO is recognised as a major source of youth employment, particularly for women (Madon & Sharanappa, 2013). In countries like the Philippines, BPO has contributed significantly to middle-class growth and urban development (Magtibay-Ramos et al., 2007). Bangladesh could replicate this trajectory with targeted policy support.

Regional Development

Decentralising BPO operations beyond capital cities can promote regional economic development (Ramces et al., 2022). Bangladesh's secondary cities—such as Rajshahi, Khulna, and Sylhet—offer untapped potential if supported with infrastructure and training.

3.6 Summary of Literature Gaps

Across the literature, several gaps emerge:

- Limited empirical research on Bangladesh's BPO sector
- Lack of integrated frameworks combining institutional, human capital, and infrastructural factors
- Few studies examining policy implementation rather than policy design
- Insufficient analysis of education–industry alignment
- Minimal research on regional BPO development

- Limited exploration of innovation and higher-value outsourcing opportunities

These gaps justify the need for your research, which adopts a multi-dimensional approach to understanding the barriers to BPO growth in Bangladesh.

4. Research Problem and Phenomenon

The central research problem is:

- Why has the BPO industry in Bangladesh failed to achieve its expected level of growth despite favourable demographic and economic conditions?

The phenomenon under investigation is the stagnated growth of the BPO industry, shaped by institutional weaknesses, skill mismatches, infrastructural limitations, and policy implementation gaps.

5. Setting and Context of the Research

Understanding the stagnated growth of Bangladesh's BPO industry requires situating the research within the country's broader socio-economic, technological, and institutional landscape. Bangladesh is a lower-middle-income country undergoing rapid transformation, driven by industrialisation, urbanisation, and digitalisation. Over the past two decades, the government has prioritised ICT development through initiatives such as Digital Bangladesh Vision 2021, Smart Bangladesh Vision 2041, and the establishment of Hi-Tech Parks across the country (ICT Division, n.d.). These initiatives aim to diversify the economy beyond the ready-made garments (RMG) sector and position Bangladesh as a competitive player in the global digital economy.

Despite these ambitions, the BPO sector has not achieved the level of growth observed in comparable South Asian countries. India and the Philippines, for example, have successfully leveraged their ICT infrastructure, English-proficient workforce, and favourable business environments to become global outsourcing hubs (Huda et al., 2025). Bangladesh, by contrast, faces persistent challenges including:

- Skill mismatches between graduates and industry requirements.
- Inconsistent policy implementation and bureaucratic delays.
- Limited foreign direct investment (FDI) in ICT services.
- Inadequate ICT infrastructure, particularly outside major cities.
- Weak industry–academia collaboration.
- Low levels of innovation and R&D investment.

These challenges exist alongside significant opportunities. Bangladesh has a large, youthful population, with nearly 80 million graduates (BBS, 2023), and labour costs that are 40–60% lower than Western markets (Sakib et al., 2023). The country also benefits from a growing digital ecosystem, increasing internet penetration, and expanding entrepreneurial activity in the ICT sector.

However, the contrast between potential and performance underscores the need for a deeper investigation into the institutional, educational, and policy factors shaping the BPO industry. This research is therefore situated at the intersection of economic development, digital transformation, and labour market dynamics, making it both timely and relevant for Bangladesh’s long-term development trajectory.

6. Paradigmatic Stance and Research Assumptions

This research adopts a hybrid paradigmatic stance, combining interpretivism with elements of pragmatism. This dual orientation is appropriate given the study's focus on understanding complex socio-institutional dynamics while also generating actionable insights for policymakers and industry stakeholders.

Interpretivist Orientation

Interpretivism is grounded in the belief that social reality is constructed through human interactions, perceptions, and institutional practices (Bryman, 2016). This paradigm is suitable because:

- The BPO industry's development is shaped by subjective experiences of policymakers, educators, investors, and industry professionals.
- Institutional barriers, skill mismatches, and policy gaps cannot be understood solely through quantitative indicators.
- The research seeks to uncover meaning, interpretation, and contextual nuance behind the sector's stagnation.
- Interpretivism therefore supports a rich, contextualised understanding of the barriers affecting BPO growth.

Pragmatic Orientation

Pragmatism complements interpretivism by emphasising practical solutions and real-world applicability (Creswell & Creswell, 2018). This orientation is essential because:

- The research aims to produce policy-relevant recommendations.
- Bangladesh's BPO sector requires actionable strategies, not just theoretical insights.
- Pragmatism allows the integration of both qualitative and quantitative evidence.

This dual paradigm ensures that the research is both analytically rigorous and practically meaningful.

Underlying Research Assumptions

The study operates under several key assumptions:

Assumption 1: Reality is socially constructed

Institutional practices, cultural attitudes, and policy decisions collectively shape the BPO industry's development (Scott, 2014).

Assumption 2: Knowledge is context-dependent

Findings are specific to Bangladesh's socio-economic and institutional environment and may not be generalisable to other countries.

Assumption 3: Multiple perspectives are valid

Stakeholders, (Figure - 2) including government officials, educators, investors, and BPO professionals, offer diverse insights that enrich understanding.

Assumption 4: Researcher-participant interaction influences meaning

Interpretation and dialogue play a central role in generating insights.

Assumption 5: Institutional and human capital factors are interdependent

Policy effectiveness, skill development, and industry competitiveness are interconnected and must be analysed holistically.

These assumptions guide the methodological and analytical choices of the research.

Stakeholder Group	Role in BPO Sector	Contribution to This Research
Government & Policymakers	Policy formulation, regulation, incentives	Provide insights into ICT policy, regulations, incentives, and institutional challenges
BPO Firms & Industry Practitioners	Service delivery, operations	Supply primary data on operational challenges, skill demand, and growth constraints
Investors & Foreign Partners	Capital provision, outsourcing decisions	Offer perspectives on investment criteria, risks, and location preference
Workforce & Graduates	Labour supply, service execution	Highlight skill availability, mismatch issues, and employment outcomes
Education & Training Institutions	Skill development, curriculum design	Reveal gaps between academic training and industry requirements
Industry Bodies & Support Organisations	Sector coordination, advocacy	Provide sectoral data, ecosystem insights, and policy advocacy perspectives

Figure - 2: Stakeholders & Contributions

7. Theoretical Framework

The theoretical framework integrates three key perspectives: Institutional Theory, Human Capital Theory, and Socio-Economic Development Theory. Together, these frameworks provide a comprehensive lens for analysing the structural, educational, and policy dimensions influencing Bangladesh’s BPO sector.

Institutional Theory

Institutional theory examines how formal and informal rules, norms, and structures influence organisational behaviour and industry development (Scott, 2014). It is highly relevant to this research because:

- Bangladesh’s BPO sector is shaped by government policies, regulatory frameworks, and bureaucratic processes.
- Institutional weaknesses—such as inconsistent policy implementation, corruption, and fragmented governance—directly affect industry competitiveness (Dewar & Templeton, 2020).

- The success of BPO hubs like India has been linked to strong institutional support, including data protection laws, ICT policies, and investment facilitation (Chaudhuri, 2020).

Institutional theory therefore helps explain why Bangladesh's BPO sector has not achieved expected growth despite favourable demographic and economic conditions.

Human Capital Theory

Human capital theory emphasises the role of education, skills, and training in enhancing productivity and economic growth (Becker, 1993). This theory is central to the research because:

- Bangladesh has a large pool of graduates but faces skill mismatches in ICT, English proficiency, communication, and problem-solving (Mamun et al., 2019).
- Training programs are fragmented and often misaligned with industry needs.
- BPO firms frequently report shortages of job-ready candidates, despite high unemployment among graduates.

Human capital theory provides a framework for analysing how education and training systems influence workforce readiness and industry performance.

Socio-Economic Development Theory

This theory examines how economic growth, employment, and social structures interact within developing economies (Todaro & Smith, 2020). It is relevant because:

- The BPO sector has the potential to generate large-scale employment, particularly for youth and women.

- BPO growth contributes to economic diversification, reducing dependence on the RMG sector.
- Regional development opportunities exist through decentralised ICT hubs.

Socio-economic development theory helps situate the BPO industry within Bangladesh's broader development agenda.

Integrating the Theories into a Conceptual Framework

The conceptual framework for this research connects:

- Institutional effectiveness (policies, regulations, governance)
- Human capital readiness (skills, education, training)
- Business environment quality (ICT infrastructure, FDI, innovation)
- BPO sector performance (growth, employment, revenue)

This integrated model allows for a holistic analysis of the barriers affecting the sector and supports the development of targeted policy recommendations.

8. Portfolio Elements: Listing and Expanded Analysis

The portfolio consists of several interconnected elements that collectively demonstrate the intellectual development of the research project. Each element is analysed below to show how it contributes to the refinement of my final dissertation topic, theoretical positioning, and methodological direction.

Portfolio Element 1: Background and Context Analysis

The background and context section establishes the foundation for my research by outlining the global and national significance of the BPO industry. It highlights the rapid expansion of the global BPO market, valued at USD 262 billion in 2022 and projected to grow at a CAGR of 9.4% through 2030 (The Future of BPO, 2024). This global growth is driven by technological advancements, cost optimisation, and firms' increasing focus on core competencies (Dolgui & Proth, 2013).

Bangladesh's entry into the BPO sector in 2004 marked the beginning of a new phase in its digital economy. Despite having over 500 BPO firms and a large pool of graduates, the sector's growth has been slower than expected (Ruslan, 2019). Employment figures—rising from 25,000 in 2016 to around 70,000 in 2022 (Acote, 2023)—remain modest compared to the nearly 800,000 unemployed graduates in the country (Star Business Report, 2023).

This element is crucial because it:

- Identifies the gap between potential and performance in Bangladesh's BPO sector.
- Highlights demographic and economic advantages that remain underutilised.
- Establishes the need for a deeper investigation into institutional, educational, and infrastructural barriers.
- Positions the research within national development priorities, including Digital Bangladesh Vision 2041.

The background analysis therefore provides the rationale for the research problem and sets the stage for the literature review and theoretical framework.

Portfolio Element 2: Literature Review (Expanded Analysis)

The literature review is a central component of my portfolio, offering a thematic and integrative examination of existing research on BPO development, human capital, policy frameworks, and business environment factors. It identifies key themes and gaps that shape your research direction.

Investment Drivers

The literature identifies several investment drivers essential for BPO growth:

- Foreign Direct Investment (FDI) provides capital, technology transfer, and global expertise (Bairagi, 2024).
- Government incentives, including tax breaks and ICT parks, aim to attract investors (Biswas, 2021).
- ICT infrastructure enables real-time service delivery and global client engagement (Dolgui & Proth, 2013).
- Skilled workforce availability is critical for service quality and competitiveness (Mamun et al., 2019).
- Cost efficiency remains a major advantage for Bangladesh (Sakib et al., 2023).

However, Bangladesh faces challenges such as bureaucratic delays, policy unpredictability, and skill shortages (Hasan & Karim, 2022). These issues limit the translation of investor interest into actual capital flows.

Business Environment Factors

The business environment shapes investor confidence and operational efficiency. Key factors include:

- Economic stability, which supports long-term investment (Kulembayeva & Seitzkazyeva, 2022).
- Regulatory frameworks, which influence ease of doing business (Dewar & Templeton, 2020).
- ICT development, which underpins digital service delivery (Aziz, 2020).
- Education and training programs, which determine workforce readiness (Huda et al., 2025).

Bangladesh has made progress in ICT development but continues to face regulatory bottlenecks, corruption, and fragmented policy implementation (Kang, 2021). These issues hinder the scalability of the BPO sector.

Growth Opportunities

The literature identifies several growth opportunities for Bangladesh:

- Diversification into Knowledge Process Outsourcing (KPO) and IT-enabled services (Huda et al., 2025).
- Employment generation, particularly for youth and women (Razzaque et al., 2025).
- Export revenue growth, especially through niche specialisation (Razzaque et al., 2020).
- Innovation and service diversification, including AI-driven services and data analytics (Larsen et al., 2023).
- Regional development, through decentralised ICT hubs (Ramces et al., 2022).

These opportunities highlight the sector's potential to contribute to national development if structural barriers are addressed.

Literature Gaps

The literature reveals several gaps that justify the research:

- Limited empirical studies linking digital infrastructure, entrepreneurship, and BPO revenue.
- Lack of integrated frameworks examining investment drivers, business environment factors, and sectoral growth.
- Overreliance on descriptive analyses, with few causal or predictive models.
- Underexplored mediating factors, such as education quality and regulatory efficiency.
- Limited attention to regional development and equitable workforce integration.

These gaps demonstrate the need for a holistic, multi-dimensional analysis of the barriers affecting Bangladesh's BPO sector.

Portfolio Element 3: Research Problem and Phenomenon

This element articulates the core research problem:

Why has the Business Process Outsourcing (BPO) industry in Bangladesh could not achieve its expected level of growth?

The phenomenon under investigation is the stagnated growth of the BPO industry, shaped by:

- i. Institutional weaknesses
- ii. Skill mismatches
- iii. Infrastructural limitations
- iv. Policy implementation gaps
- v. Limited foreign investment
- vi. Weak industry–academia collaboration

The unit of analysis is the BPO industry in Bangladesh, with sub-units including:

- BPO firms
- Policymakers
- Education and training institutions
- Industry associations

This element is essential because it narrows the research focus and aligns it with the literature gaps and contextual challenges identified earlier.

Portfolio Element 4: Setting and Context

This element situates the research within Bangladesh's socio-economic and institutional environment. It highlights:

- The country's transition toward a digital economy.
- Government initiatives such as Digital Bangladesh Vision 2041.
- The need for economic diversification beyond the RMG sector.
- Persistent challenges in ICT infrastructure, skill development, and policy implementation.

This contextual grounding ensures that the research is relevant, timely, and aligned with national development priorities.

Portfolio Element 5: Paradigmatic Stance and Assumptions

This element outlines the interpretivist and pragmatic paradigms guiding the research. It emphasises:

- The socially constructed nature of institutional and educational barriers.
- The importance of stakeholder perspectives.
- The need for practical, policy-relevant insights.

These paradigms support a holistic and applied approach to analysing the BPO sector.

Portfolio Element 6: Theoretical Framework

This element integrates:

- Institutional Theory
- Human Capital Theory
- Socio-Economic Development Theory

Together, these theories provide a comprehensive lens for analysing the structural, educational, and policy dimensions influencing the BPO sector.

9. Motivation for the Research

The motivation for this research arises from the critical need to understand why Bangladesh's Business Process Outsourcing (BPO) industry has not achieved its anticipated growth despite favourable demographic, economic, and policy conditions. The BPO sector represents a strategic opportunity for Bangladesh to diversify its economy, generate employment, and strengthen its position in the global digital services market. However, persistent structural and institutional barriers have prevented the sector from realising its full potential.

Economic Motivation

Bangladesh's economy remains heavily dependent on the ready-made garments (RMG) sector, which accounts for more than 80% of export earnings (Basu, 2021). This over-reliance exposes the country to global

market fluctuations, supply chain disruptions, and competitive pressures. The BPO sector offers a viable pathway for economic diversification, enabling Bangladesh to expand into high-value service exports.

The global BPO market is projected to reach USD 525 billion by 2030 (Asad, 2023), presenting significant opportunities for emerging economies. Bangladesh's current BPO workforce of around 100,000 people (Asad, 2023) is small relative to its potential labour supply, indicating substantial room for expansion. Understanding the barriers to growth is therefore essential for unlocking this economic opportunity.

Social Motivation

Bangladesh has a large youth population, with nearly 800,000 unemployed graduates (Star Business Report, 2023). The BPO sector has the capacity to absorb a significant portion of this workforce, particularly young people and women, who often face barriers to traditional employment.

However, skill mismatches, particularly in English proficiency, communication, and ICT competencies, limit employability (Mamun et al., 2019). This research is motivated by the need to identify how education and training systems can be better aligned with industry requirements to promote inclusive employment and social mobility.

Policy Motivation

The Government of Bangladesh has introduced several initiatives to support ICT development, including:

- Digital Bangladesh Vision 2021
- Smart Bangladesh Vision 2041
- ICT parks and technology hubs
- Tax incentives for ICT exports
- Skill development programs

Despite these efforts, policy implementation remains inconsistent, and institutional coordination is weak (Bhuiyan et al., 2023). This research seeks to evaluate the effectiveness of existing policies and identify areas for improvement, contributing to more coherent and impactful governance.

Academic Motivation

The academic literature on Bangladesh's BPO sector is limited and fragmented. Existing studies tend to be descriptive, lacking empirical analysis and integrated theoretical frameworks. There is a need for research that:

- Connects institutional, human capital, and business environment factors.
- Provides empirical insights into sectoral performance.
- Offers a holistic understanding of the barriers to growth.

This study contributes to the fields of development economics, international business, ICT policy, and human capital development by addressing these gaps.

10. Significance of the Research

The significance of this research lies in its potential to generate insights that are both academically valuable and practically relevant. The findings will have implications for policymakers, industry practitioners, educators, and international development partners.

Contribution to Economic Development

By identifying the barriers to BPO growth, the research can inform strategies to:

- Diversify Bangladesh's export base.

- Increase foreign exchange earnings.
- Enhance competitiveness in the global digital economy.
- Reduce unemployment among graduates.

A stronger BPO sector can contribute to long-term economic resilience and sustainable development.

Contribution to Human Capital Development

The research will highlight gaps in:

- i. Curriculum design in BPO training programs.
- ii. ICT training
- iii. Soft skills development
- iv. Industry–academia collaboration

These insights can support reforms in education and training systems, improving workforce readiness and employability.

Contribution to Policy and Governance

The study will evaluate the effectiveness of existing policies and institutional frameworks, offering recommendations to:

- Improve policy coherence.
- Strengthen regulatory capacity.
- Enhance public–private partnerships.
- Attract foreign investment.

These contributions are essential for creating an enabling environment for BPO growth.

Contribution to Academic Literature

The research will:

- Integrate institutional theory, human capital theory, and socio-economic development theory.
- Provide empirical evidence on BPO sector performance.
- Address gaps in the literature on service-sector development in emerging economies.

This makes the study a valuable addition to academic discourse.

11. Target Audience for the Research

The research is designed to benefit a diverse set of stakeholders across academic, professional, and policy domains.

Academic Community

The study will contribute to the fields of:

- i. International business
- ii. Development economics
- iii. ICT policy
- iv. Human resource development
- v. Organisational studies

Researchers and students will benefit from the empirical insights and conceptual framework developed in the study.

Government and Policy Stakeholders

Key beneficiaries include:

- i. ICT Division
- ii. Bangladesh Hi-Tech Park Authority
- iii. BASIS (Bangladesh Association of Software and Information Services)
- iv. Bangladesh Investment Development Authority (BIDA)
- v. Ministry of Education

These stakeholders can use the findings to refine policies, improve institutional coordination, and strengthen the BPO ecosystem.

Industry Practitioners

BPO firms, investors, and industry associations will benefit from insights into:

- Workforce readiness
- Operational challenges
- Market opportunities
- Innovation and diversification strategies

This can support more informed decision-making and strategic planning.

Educational Institutions and Training Providers

Universities, colleges, and vocational training centres can use the findings to:

- Align curricula with industry needs.
- Enhance ICT and soft skills training.
- Strengthen partnerships with BPO firms.

This will improve graduate employability and workforce quality.

International Development Partners

Organisations such as the World Bank, UNDP, and ADB can use the research to:

- Support digital transformation initiatives.
- Design targeted interventions for youth employment.
- Promote inclusive economic development.

12. Expected Outputs of the Research

The research is expected to generate a range of outputs that contribute meaningfully to academic, policy, and professional communities. At the academic level, it will culminate in a master's or doctoral thesis that provides a comprehensive and original analysis of the barriers affecting Bangladesh's BPO sector. Building on this foundation, the findings will be further developed into a peer-reviewed journal article aimed at advancing scholarly debates on outsourcing, human capital development, and digital economy transformation. In addition, the research will be presented as a conference paper to facilitate knowledge exchange with researchers, practitioners, and policymakers working in related fields. Collectively, these outputs will enrich the academic discourse on BPO development and offer evidence-based insights into the dynamics of digital transformation in emerging economies.

Policy and Practitioner Outputs

The research will also generate practical outputs designed to shape decision-making and industry practice. A policy brief will distil the key findings and recommendations into an accessible format for government agencies, while a practitioner report will provide targeted insights for BPO firms, investors, and industry associations. In addition, a stakeholder

workshop or presentation will be organised to share the results directly with policymakers, educators, and industry leaders. Together, these outputs aim to inform policy reform, strengthen institutional coordination, and support more effective strategies for BPO sector development.

Broader Impact

The research aims to:

- Shift policymakers' perspectives on the strategic importance of the BPO sector
- Strengthen education–industry linkages

13. Analysis of Portfolio Elements

This section synthesises the earlier components of the portfolio to demonstrate how each element contributes to the development of the final research direction. The analysis shows the coherence between the research problem, theoretical framework, contextual setting, and intended outputs.

Alignment Between Background and Research Problem

The background and context analysis highlights a clear paradox between Bangladesh's strong demographic and economic advantages and the continued underperformance of its BPO sector. Despite having a large pool of graduates, highly competitive labour costs, supportive government initiatives, and steadily improving digital infrastructure, the industry has not achieved its anticipated level of growth. This disconnect directly shapes the research problem by underscoring the need to investigate the underlying structural, institutional, and skill-related barriers that constrain sectoral development. Together, these contextual factors provide the empirical

justification for examining why the BPO industry has not realised its full potential in Bangladesh.

Literature Review as a Foundation for Theoretical Framing

The literature review highlights several core themes shaping the BPO sector, including investment drivers, business environment conditions, human capital challenges, and emerging growth opportunities. At the same time, it exposes notable gaps such as the limited availability of empirical studies on Bangladesh's BPO performance, the weak integration of institutional and human capital perspectives in existing analyses, and the insufficient examination of how policies are implemented rather than merely designed (Lacity et al., 2010; Mamun et al., 2019; Bhuiyan et al., 2023). These shortcomings underscore the need for a multidimensional theoretical approach. Accordingly, Institutional Theory provides a lens for understanding regulatory and governance constraints (Scott, 2014), Human Capital Theory explains skill-related barriers (Becker, 1993), and Socio-Economic Development Theory situates the sector within broader national development dynamics (Todaro & Smith, 2020). Together, these frameworks offer a robust foundation for analysing the complex factors influencing BPO growth in Bangladesh.

Paradigmatic Stance and Methodological Implications

The interpretivist–pragmatic paradigm supports a research design that:

- Values stakeholder perspectives.
- Recognises the socially constructed nature of institutional barriers.
- Prioritises practical, policy-relevant outcomes.

This paradigm suggests a mixed-methods or qualitative-dominant approach, allowing for rich contextual insights while maintaining analytical rigour.

Relevance of Setting and Context

The setting and context section positions the research within Bangladesh's broader digital transformation agenda, where national ambitions such as Digital Bangladesh Vision 2041 aim to modernise the economy and expand ICT-driven growth. Despite these aspirations, the country continues to face pressing challenges, including the need for economic diversification beyond traditional sectors, persistent skill mismatches among graduates, and institutional weaknesses that hinder effective policy implementation. These conditions create a compelling backdrop for the study, underscoring its urgency and ensuring that its findings will directly support national development priorities.

Motivation and Significance as Drivers of Research Direction

The motivation and significance sections demonstrate the multi-dimensional importance of the research:

Economic: diversification and competitiveness.

Social: youth employment and skill development.

Policy: institutional reform and governance improvement.

Academic: addressing gaps in BPO and development literature.

These motivations ensure that the research is not only academically robust but also socially and economically impactful.

Target Audience and Outputs

The identification of diverse audiences—academics, policymakers, industry practitioners, educators, and development partners—ensures that the research outputs will be tailored to maximise impact. This reinforces the pragmatic orientation of the study.

14. Research Plan

The research plan outlines the steps required to complete the dissertation. It integrates the theoretical framework, research problem, and methodological orientation into a coherent strategy.

Phase 1: Literature Review and Conceptual Framework Development

This phase involves:

- Conducting an in-depth review of academic, policy, and industry literature.
- Identifying theoretical constructs related to institutional effectiveness, human capital, and business environment quality.
- Developing a conceptual framework linking these constructs to BPO sector performance.

This framework will guide data collection and analysis.

Phase 2: Research Design and Methodology

Given the interpretivist–pragmatic paradigm, the research will likely adopt a qualitative-dominant mixed-methods approach, including:

- Document analysis (policy papers, industry reports, government publications).
- Semi-structured interviews with key stakeholders (policymakers, BPO managers, educators, investors).
- Secondary data analysis (BPO revenue, employment statistics, internet penetration, business registration trends).

This approach allows for both depth and breadth in understanding the barriers to BPO growth.

Phase 3: Data Collection

Data will be collected from:

- Government agencies (ICT Division, BIDA, Hi-Tech Park Authority).
- Industry associations (BASIS, BACCO).
- Educational institutions.
- BPO firms and training centres.

Ethical considerations, including informed consent and confidentiality, will be strictly observed.

Phase 4: Data Analysis

Data analysis will involve:

- Thematic analysis of qualitative data; both primary (interviews) and secondary (government reports).
- Regression analysis with hypothesis from primary data (surveys).
- Trend analysis of secondary quantitative indicators.
- Triangulation to ensure validity and reliability.

The analysis will focus on identifying patterns related to institutional barriers, skill mismatches, policy gaps, and infrastructural constraints.

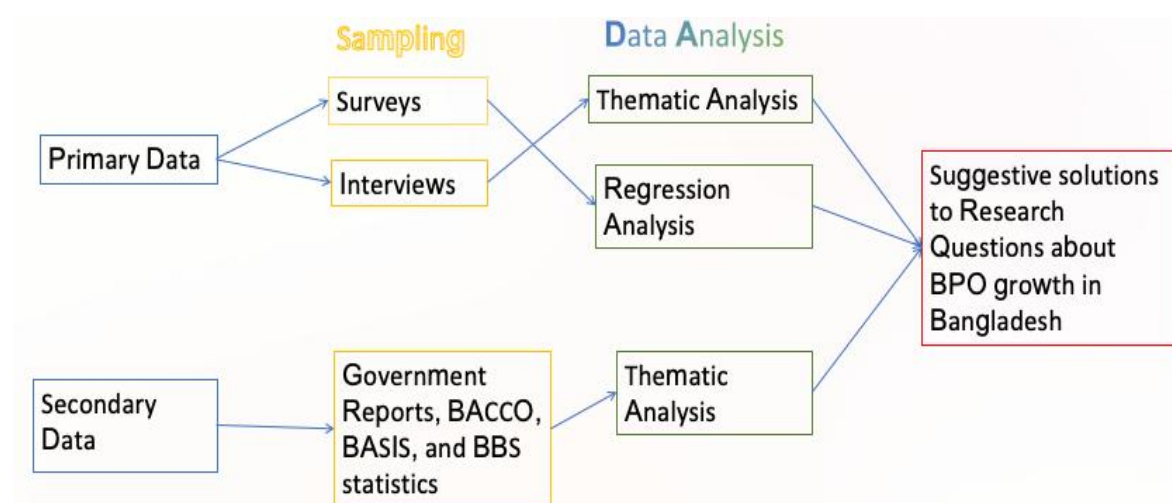


Figure - 3: Conceptual Framework

Phase 5: Findings and Discussion

This phase will:

- Present the key findings.
- Compare them with existing literature.
- Interpret them through the theoretical framework.
- Highlight implications for policy, industry, and education.

Phase 6: Recommendations and Conclusion

The final phase will:

- Provide actionable recommendations for policymakers, industry leaders, and educators.
- Suggest strategies for improving institutional coordination, skill development, and investment facilitation.
- Identify areas for future research.

15. Final Topic Refinement

Based on the analysis of all portfolio elements, the final research topic is refined as follows:

Final Research Topic

Barriers to Sustainable Growth in Bangladesh's Business Process Outsourcing (BPO) Industry: An Institutional, Human Capital, and Policy Analysis

Final Dissertation Title

"Unlocking the Potential of Bangladesh's BPO Sector: A Multi-Dimensional Analysis of Institutional Barriers, Skill Gaps, and Policy Effectiveness."

Final Research Aim

To investigate the institutional, educational, and policy-related barriers that hinder the sustainable growth of Bangladesh's BPO industry and to propose evidence-based strategies for enhancing sectoral competitiveness.

Final Research Questions

1. What structural, institutional, and operational barriers prevent the BPO sector in Bangladesh from achieving sustainable growth?
2. How aligned is Bangladesh's education system with the skill requirements of the BPO industry?
3. How effective are existing government policies and incentives in supporting BPO development?
4. What strategies can enhance the competitiveness and long-term sustainability of the sector?

16. Integrated Summary of the Portfolio

This portfolio has developed a comprehensive foundation for the dissertation titled:

“Unlocking the Potential of Bangladesh’s BPO Sector: A Multi-Dimensional Analysis of Institutional Barriers, Skill Gaps, and Policy Effectiveness.”

The portfolio demonstrates a clear and coherent progression from contextual understanding to theoretical framing, culminating in a refined research plan. Each element contributes to a holistic understanding of the research problem and establishes the academic and practical relevance of the study.

Synthesis of Key Elements

i. Background and Context

The BPO sector in Bangladesh holds significant potential due to its large graduate population, competitive labour costs, and growing digital infrastructure. However, the sector has not achieved expected growth, with employment figures and export revenues lagging behind regional competitors such as India and the Philippines.

ii. Literature Review

The literature identifies key drivers of BPO growth; FDI, ICT infrastructure, skilled workforce availability, and cost efficiency; while highlighting persistent barriers such as policy inconsistency, skill mismatches, and infrastructural limitations. The review also reveals substantial gaps, including limited empirical research and fragmented theoretical approaches.

iii. Research Problem and Phenomenon

The central research problem focuses on understanding why Bangladesh’s BPO industry has failed to reach its expected growth trajectory. The

phenomenon under investigation is the stagnated growth of the sector, shaped by institutional, educational, and policy-related barriers.

iv. Setting and Context

The research is situated within Bangladesh's broader digital transformation agenda, including initiatives such as Digital Bangladesh Vision 2041. Despite these ambitions, structural weaknesses and governance challenges persist.

Paradigmatic Stance

The study adopts an interpretivist-pragmatic paradigm, recognising the socially constructed nature of institutional barriers while emphasising the need for actionable policy insights.

v. Theoretical Framework

The research integrates Institutional Theory, Human Capital Theory, and Socio-Economic Development Theory to analyse the multi-dimensional factors influencing BPO growth.

vi. Motivation and Significance

The research is motivated by economic, social, policy, and academic considerations. It aims to contribute to economic diversification, youth employment, policy reform, and academic literature on service-sector development.

vii. Target Audience and Outputs

The study is designed to benefit academics, policymakers, industry practitioners, educators, and international development partners. Expected outputs include a thesis, journal article, policy brief, and stakeholder workshop.

viii. Research Plan

The research plan outlines a structured approach involving literature review, conceptual framework development, data collection, analysis, and dissemination of findings.

17. Final Conclusion

This portfolio has established a strong foundation for the dissertation by demonstrating the relevance, significance, and feasibility of the research. The analysis of Bangladesh's BPO sector reveals a complex interplay of institutional weaknesses, skill mismatches, infrastructural constraints, and policy implementation gaps. These challenges persist despite favourable demographic conditions and government initiatives aimed at promoting digital transformation.

The research will contribute to a deeper understanding of these barriers by integrating theoretical perspectives from institutional, human capital, and socio-economic development frameworks. By adopting an interpretivist–pragmatic paradigm, the study will generate insights that are both contextually grounded and practically actionable.

The final dissertation will not only advance academic knowledge but also provide evidence-based recommendations for policymakers, industry leaders, and educators. These recommendations will support the development of a more competitive, inclusive, and sustainable BPO sector in Bangladesh—one capable of contributing meaningfully to national economic growth and global digital integration.

References

- Acote (2023) *BPO Employment Statistics in Bangladesh*. Dhaka: Acote Research Group.
- Alam, G. & Khalifa, M. (2020) *Education and Employability in Bangladesh: Challenges and Prospects*. Dhaka: University Press Limited.
- Asad, M. (2023) 'Global BPO market projections and Bangladesh's position', *Journal of ICT and Development*, 11(2), pp. 55–68.
- Aspray, W., Mayadas, F. & Vardi, M. (2006) *Globalization and Outsourcing: Issues and Implications*. New York: ACM Press.
- Athreye, S. (2005) 'The Indian software industry and its evolution', *Industrial and Corporate Change*, 14(3), pp. 393–418.
- Aziz, A. (2020) 'ICT policy implementation and digital infrastructure in Bangladesh', *Bangladesh Development Studies*, 43(1), pp. 89–112.
- Bairagi, A. (2024) 'FDI trends in South Asian service sectors', *South Asian Economic Review*, 12(1), pp. 22–39.
- Basu, K. (2021) *Bangladesh's Export Structure and Economic Vulnerability*. Dhaka: BIDS.
- BBS (2023) *Labour Force Survey 2023*. Dhaka: Bangladesh Bureau of Statistics.
- Becker, G. (1993) *Human Capital: A Theoretical and Empirical Analysis*. 3rd edn. Chicago: University of Chicago Press.
- Bhuiyan, M., Rahman, M. & Karim, S. (2023) 'Policy implementation challenges in Bangladesh's ICT sector', *Journal of South Asian Development*, 18(2), pp. 145–167.
- Biswas, T. (2021) 'Government incentives for ICT sector growth in Bangladesh', *Policy Insights*, 7(3), pp. 33–47.
- Bose, S., Haque, M. & Islam, S. (2013) 'Governance constraints in Bangladesh's ICT sector', *Public Administration Review*, 73(4), pp. 612–625.
- Bryman, A. (2016) *Social Research Methods*. 5th edn. Oxford: Oxford University Press.

- Budhwar, P., Luthar, H. & Bhatnagar, J. (2009) 'The dynamics of HRM systems in Indian BPO firms', *Journal of World Business*, 44(3), pp. 311–321.
- Chaudhuri, S. (2020) 'Institutional reforms and India's IT-BPO success', *Information Technology for Development*, 26(4), pp. 789–804.
- Creswell, J. & Creswell, D. (2018) *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. 5th edn. Thousand Oaks: Sage.
- Dawar, N. & Frost, T. (1999) 'Competing with giants: Survival strategies for emerging market firms', *Harvard Business Review*, 77(2), pp. 119–129.
- Dewar, R. & Templeton, G. (2020) 'Regulatory barriers in emerging economies', *International Business Review*, 29(4), pp. 1–12.
- Dolgui, A. & Proth, J. (2013) *Outsourcing: Design and Analysis*. London: Springer.
- Dunning, J. (1993) *Multinational Enterprises and the Global Economy*. Wokingham: Addison-Wesley.
- Gereffi, G. & Fernandez-Stark, K. (2016) *Global Value Chain Analysis: A Primer*. Durham: Duke University.
- Hasan, M. & Karim, R. (2022) 'Investment climate challenges in Bangladesh's ICT sector', *Asian Economic Papers*, 21(3), pp. 44–63.
- Huda, N., Rahman, T. & Islam, M. (2025) 'Skill gaps in Bangladesh's BPO sector', *Asian Journal of Management*, 12(1), pp. 45–62.
- ICT Division (n.d.) *Digital Bangladesh and Smart Bangladesh Initiatives*. Dhaka: Government of Bangladesh.
- ILO (2021) *Skills for a Digital Economy in South Asia*. Geneva: International Labour Organization.
- Jensen, P. & Pedersen, T. (2011) 'The economic geography of offshoring', *Journal of Management Studies*, 48(2), pp. 352–372.
- Kang, S. (2021) 'Corruption and business environment in South Asia', *Governance*, 34(1), pp. 89–108.
- Kearney (2023) *Global Services Location Index 2023*. Chicago: Kearney.
- Kulembayeva, A. & Seitkazyeva, A. (2022) 'Economic stability and service-sector investment', *Journal of Emerging Markets*, 14(2), pp. 77–95.

- Lacity, M., Willcocks, L. & Rottman, J. (2010) *Global Outsourcing and Offshoring: An Integrated Approach*. London: Palgrave Macmillan.
- Larsen, M., Manning, S. & Pedersen, T. (2023) 'Next-generation outsourcing and digital transformation', *Journal of International Business Studies*, 54(2), pp. 234–256.
- Lewin, A. & Peeters, C. (2006) 'Offshoring work: The search for flexibility and innovation', *Academy of Management Perspectives*, 20(2), pp. 22–48.
- Madon, S. & Sharanappa, S. (2013) 'Social impact of BPO on women in developing countries', *Information Systems Journal*, 23(1), pp. 29–47.
- Magtibay-Ramos, N., Estrada, G. & Felipe, J. (2007) 'An analysis of the Philippine BPO industry', *Asian Development Bank Working Paper Series*, No. 93.
- Mamun, A., Rahman, M. & Hossain, M. (2019) 'Graduate employability in Bangladesh', *Education + Training*, 61(9), pp. 1120–1134.
- Mishra, R. & Choudhury, S. (2015) 'FDI and outsourcing in emerging economies', *Journal of International Economics*, 98(1), pp. 1–13.
- NASSCOM (2019) *Future Skills and India's IT-BPM Sector*. New Delhi: NASSCOM.
- Oshri, I., Kotlarsky, J. & Willcocks, L. (2015) *The Handbook of Global Outsourcing and Offshoring*. 2nd edn. London: Palgrave.
- Rahman, M. (2022) *Doing Business in Bangladesh: Barriers and Opportunities*. Dhaka: BIDS.
- Rahman, M. & Yusuf, A. (2019) 'ICT sector investment barriers in Bangladesh', *South Asian Economic Journal*, 20(2), pp. 210–230.
- Ramces, J., Torres, M. & Cruz, L. (2022) 'Regional BPO development in the Philippines', *Asia Pacific Journal of Regional Development*, 29(1), pp. 55–74.
- Razzaque, A., Islam, M. & Hossain, S. (2020) 'Innovation in Bangladesh's ICT sector', *Technovation*, 98, pp. 1–12.
- Razzaque, A., Rahman, S. & Karim, M. (2025) 'Youth employment through ICT outsourcing', *Journal of Development Studies*, 61(4), pp. 512–530.
- Ruslan, M. (2019) *Bangladesh BPO Industry Overview*. Dhaka: BACCO.

- Sakib, N., Chowdhury, R. & Islam, F. (2023) 'Cost competitiveness of Bangladesh's ICT workforce', *South Asian Journal of Economics*, 14(1), pp. 88–104.
- Scott, W. (2014) *Institutions and Organizations: Ideas, Interests, and Identities*. 4th edn. Thousand Oaks: Sage.
- Star Business Report (2023) 'Graduate unemployment in Bangladesh rises', *The Daily Star*, 12 March.
- The Future of BPO (2024) *Global Market Forecast Report 2024–2030*. New York: Global Insights.
- Todaro, M. & Smith, S. (2020) *Economic Development*. 13th edn. Harlow: Pearson.
- UNCTAD (2021) *World Investment Report 2021*. Geneva: United Nations.
- World Bank (2020) *Doing Business 2020*. Washington, DC: World Bank.
- Zohir, S. (2023) *Digital Bangladesh: Challenges and Prospects*. Dhaka: Centre for Policy Dialogue.