



OFFSHORE SERVICES GLOBAL VALUE CHAIN

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Center on Globalization, Governance & Competitiveness (CGGC)

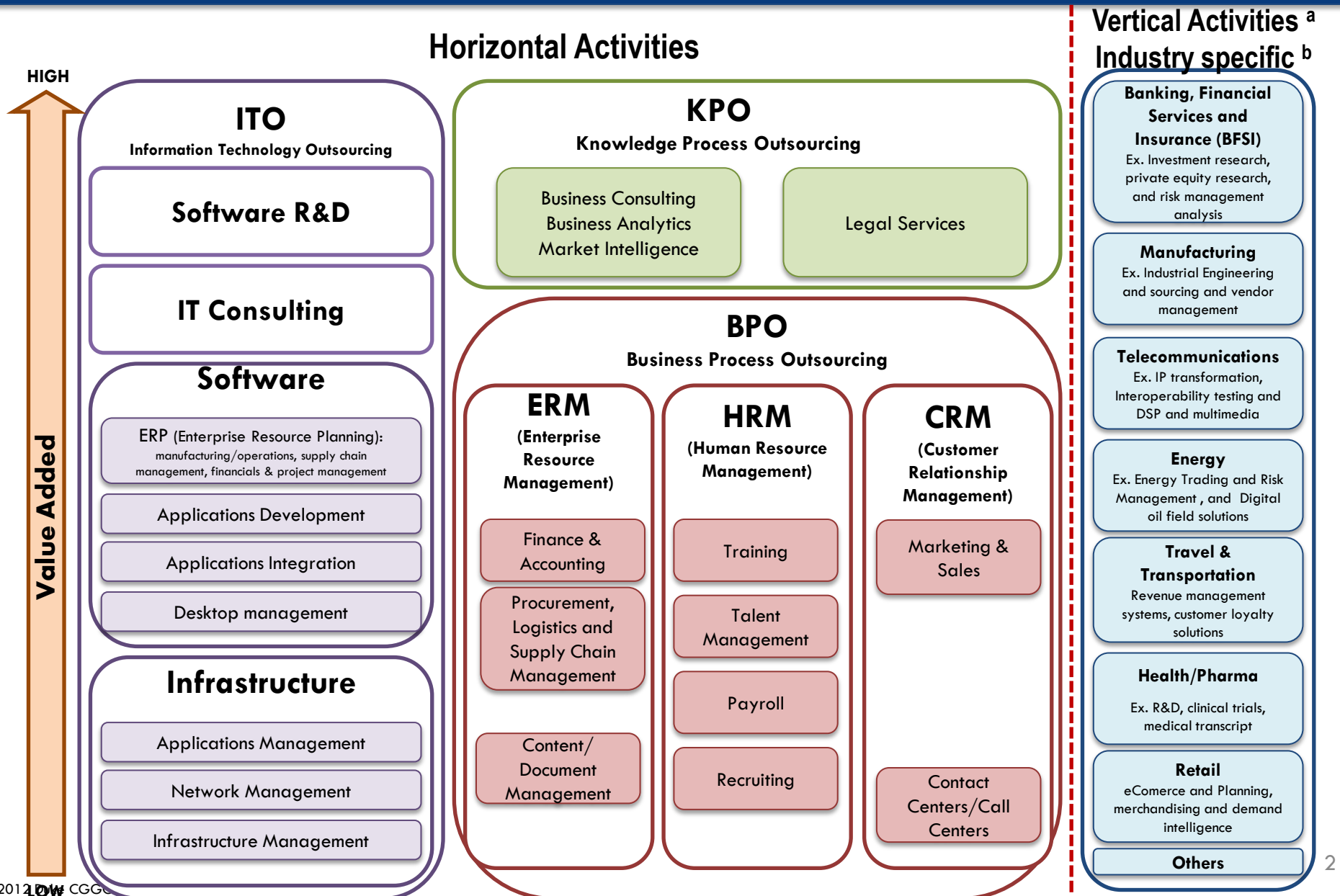
Duke University

Conferencia Deslocalización de servicios y cadenas globales de valor: ¿Nuevos factores de cambios estructurales en América Latina y el Caribe?

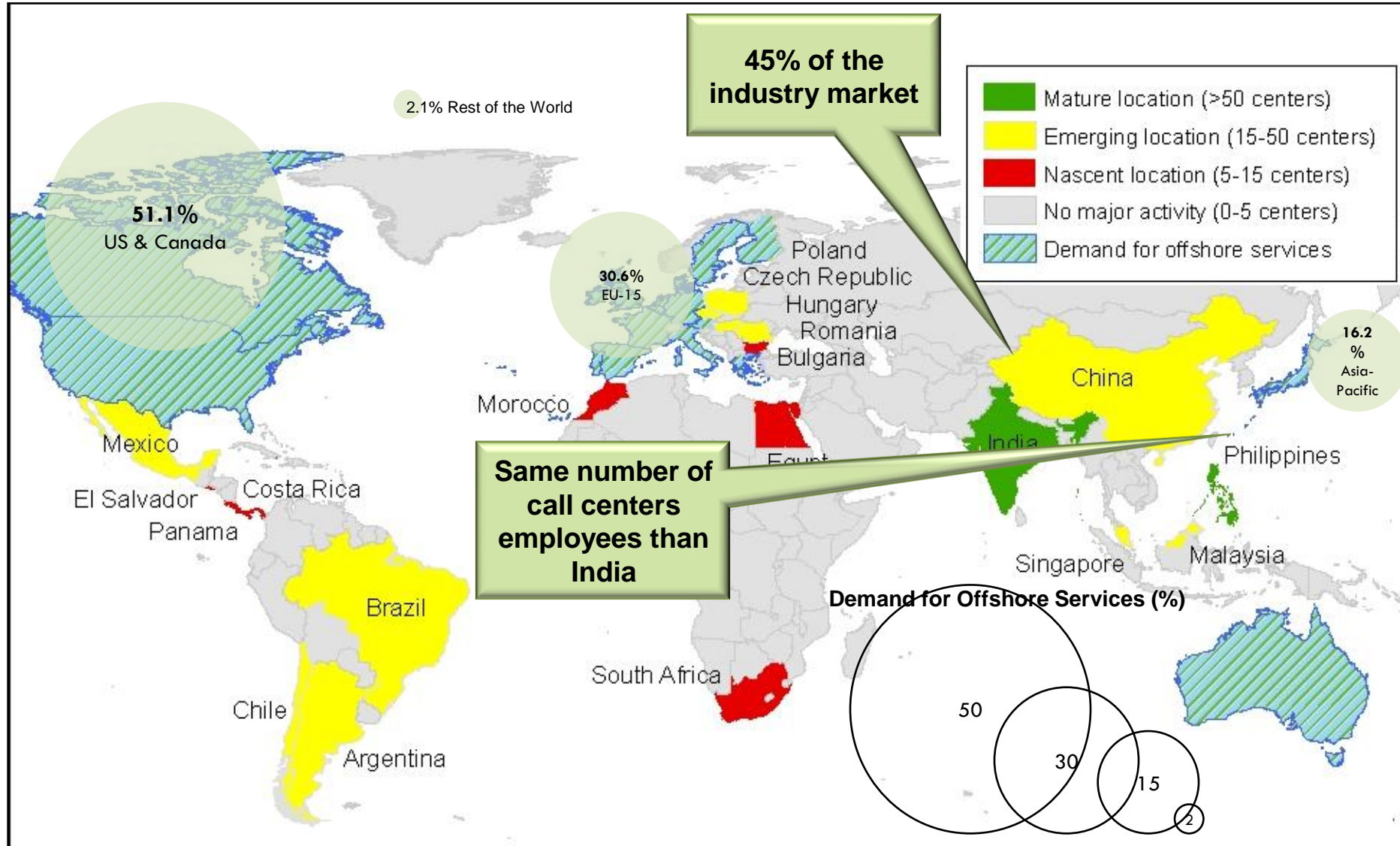
Santiago, Chile

18-19 de Octubre de 2012

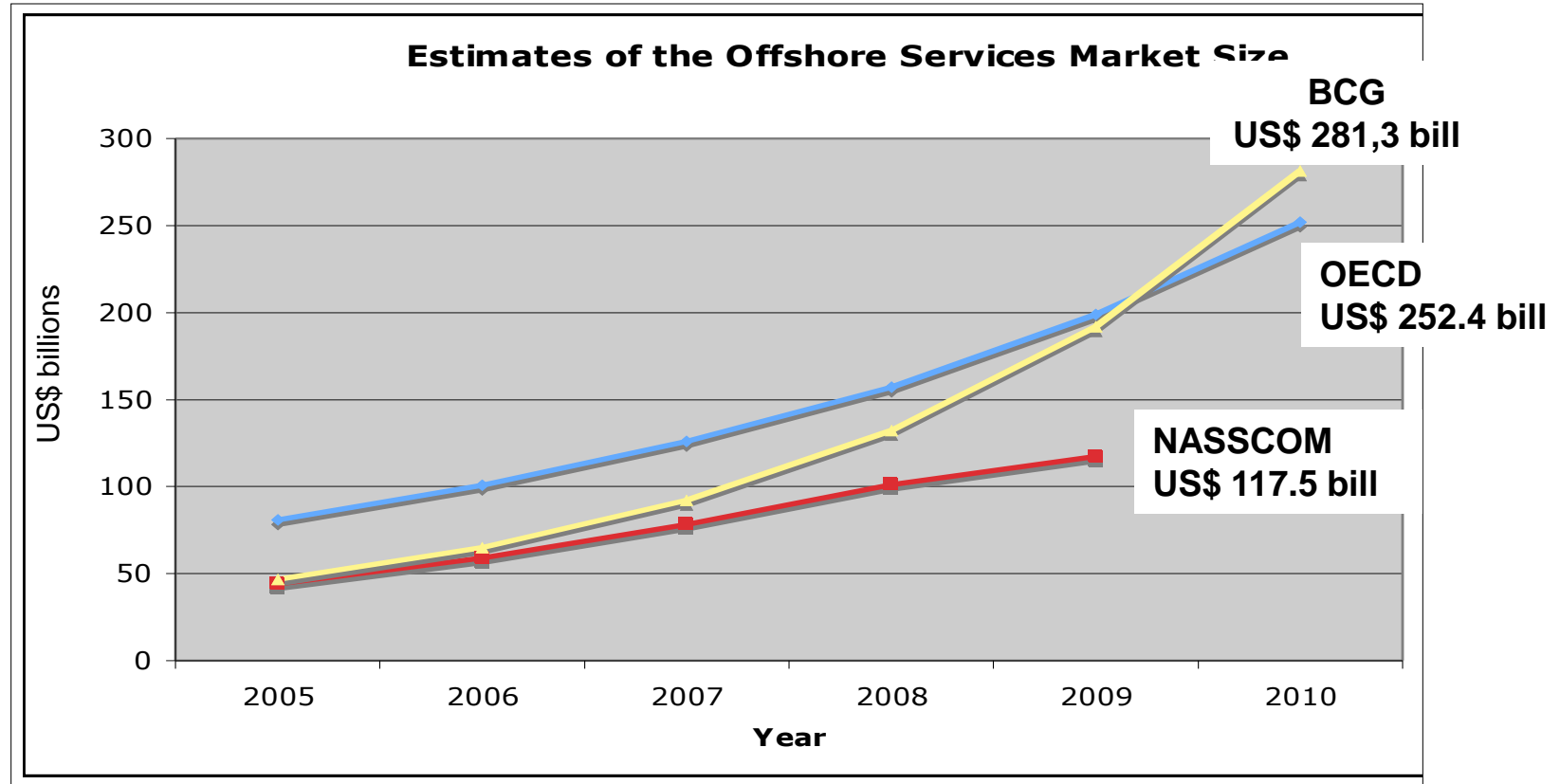
Offshore Services Global Value Chain



Offshore Services: Global Supply and Demand



The Size of the Offshore Services Industry (estimates)



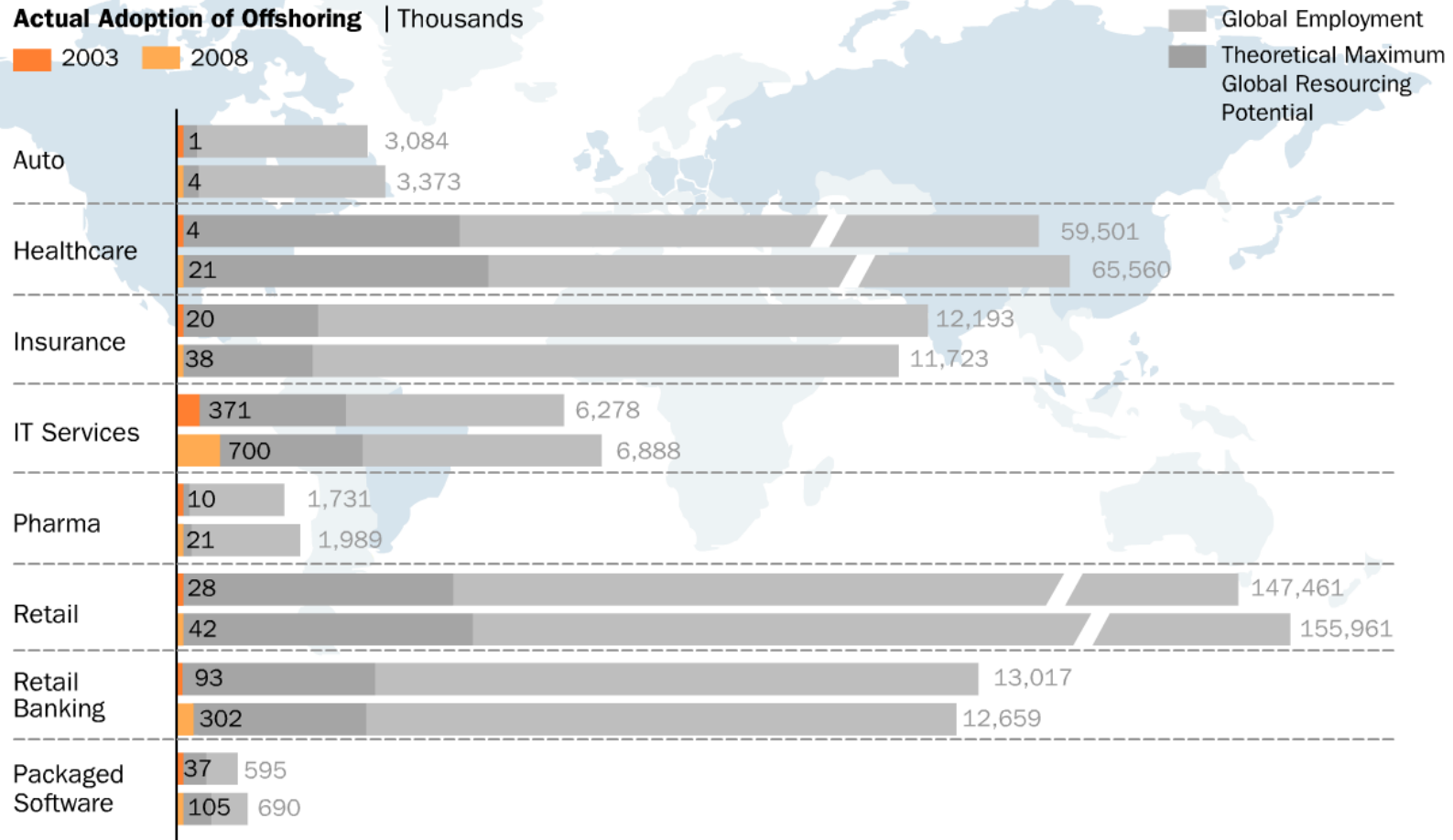
Source: CGGC based on OECD 2008, NASSCOM 2009, Boston Consulting Group 2007.

- **Difficult to quantify the industry → no accurate data & limited country level tracking**
 - **Industry growing & evolving rapidly**
 - **New activities -most dynamic not included, such as innovation**

Offshore Services Potential

Actual Adoption of Offshoring | Thousands

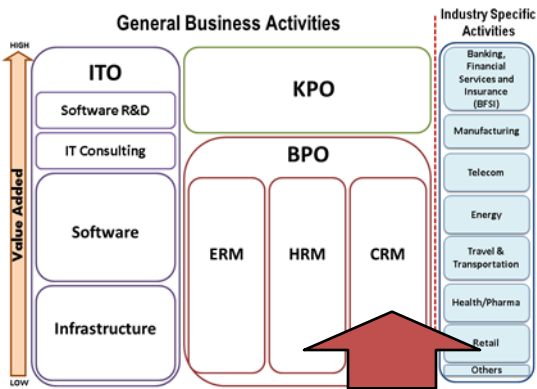
2003 2008



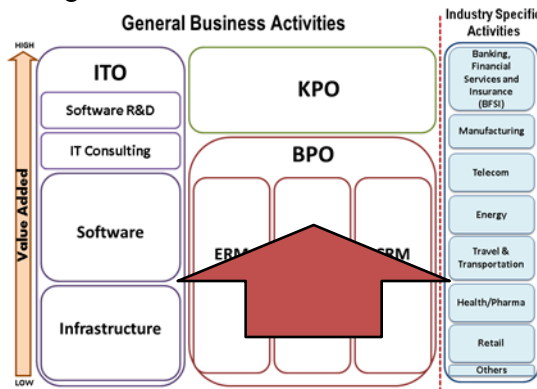
- Activities previously reserved for rich nations or in-house
- Creating more jobs, specifically in developing countries
- One of the world's fastest growing industries → Reduce company costs and find new talent
- Almost unlimited potential → Services from any industry

Examples of Upgrading Trajectories

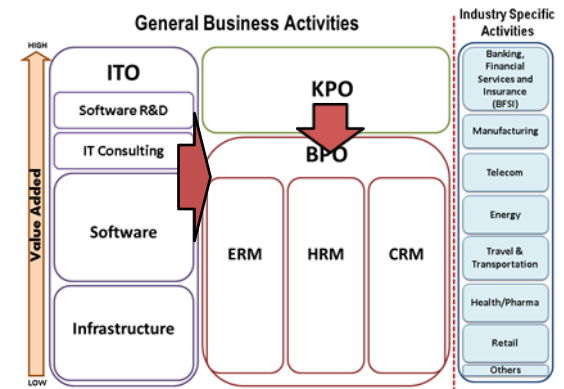
Entry into the value chain



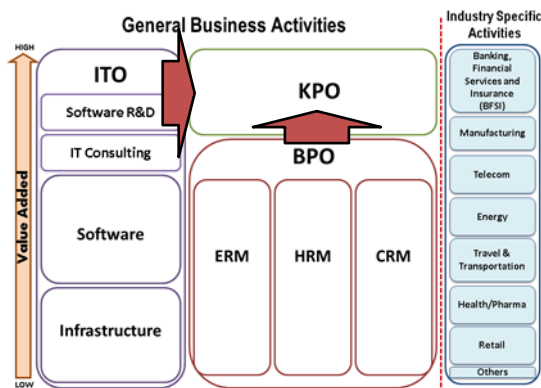
Upgrading within the BPO segment



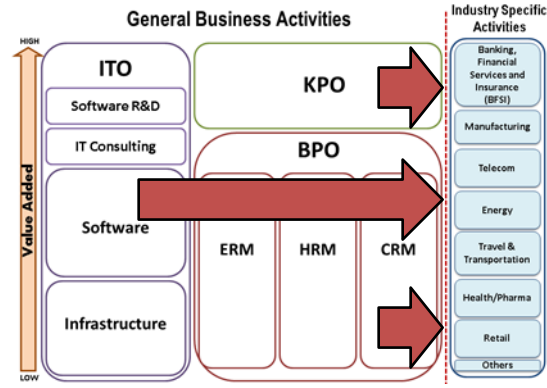
Broad Spectrum Services



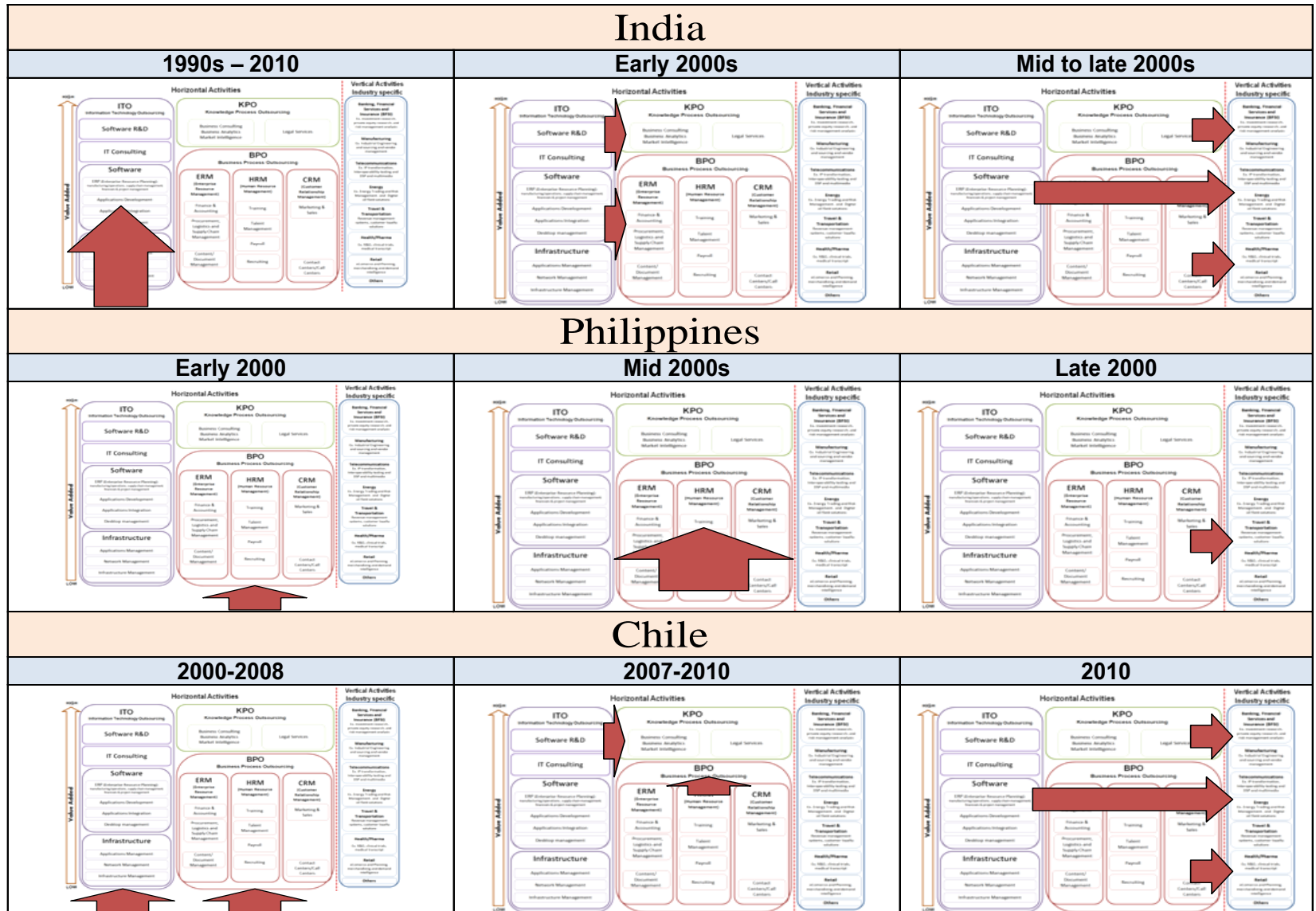
Upgrading to KPO Activities



Industry Specialization



Offshore Services Upgrading: India, Philippines and Chile

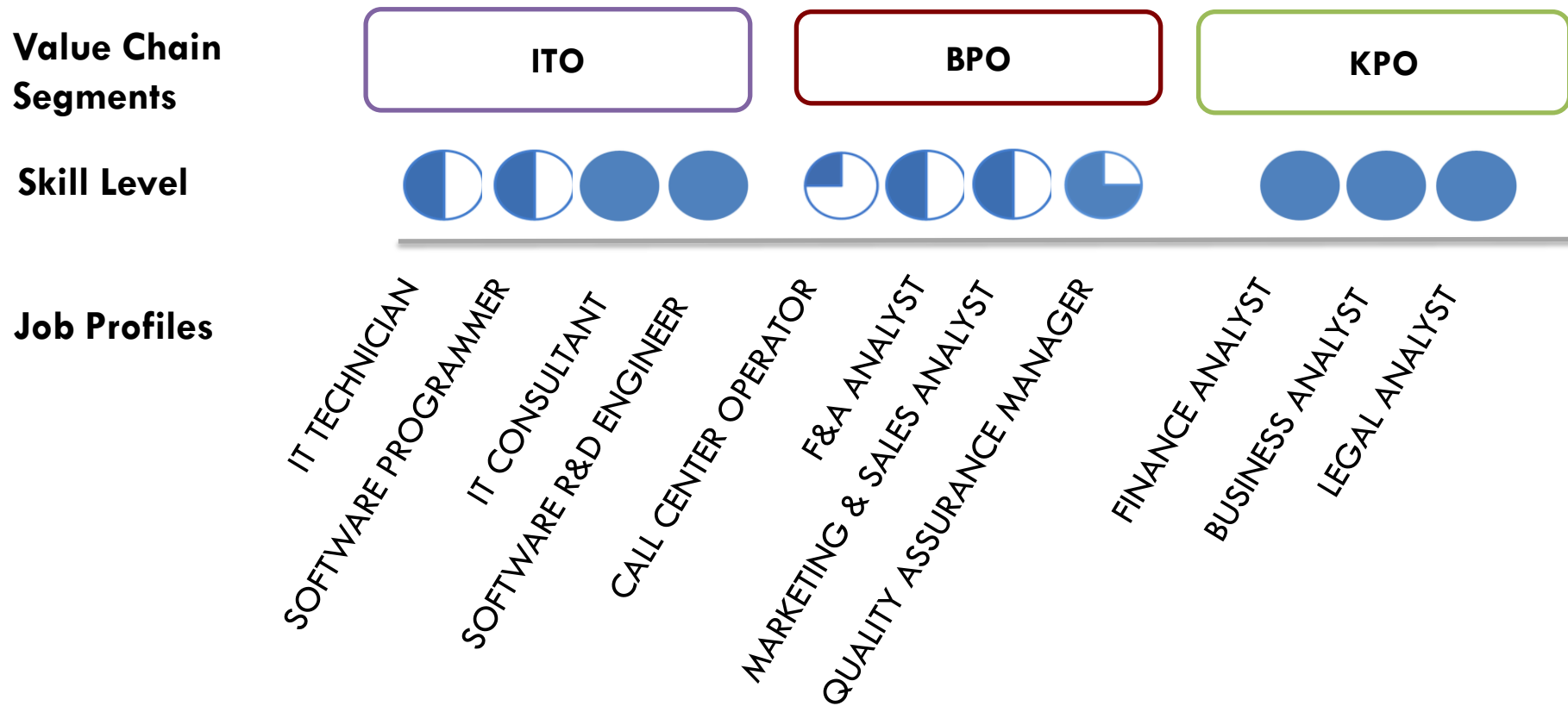


Human Capital: Essential Element for Upgrading in Offshore Services

- Human capital has been found to be a key determinant of value creation, competitiveness, and success in service exports from developing countries
- One of the most important factors MNCs take into consideration when relocating services operations is to ensure the labor market has cost competitive, qualified workers
- Developing countries must work hard to supply the necessary human capital to sustain industry growth today while also preparing the future labor force to upgrade the industry.

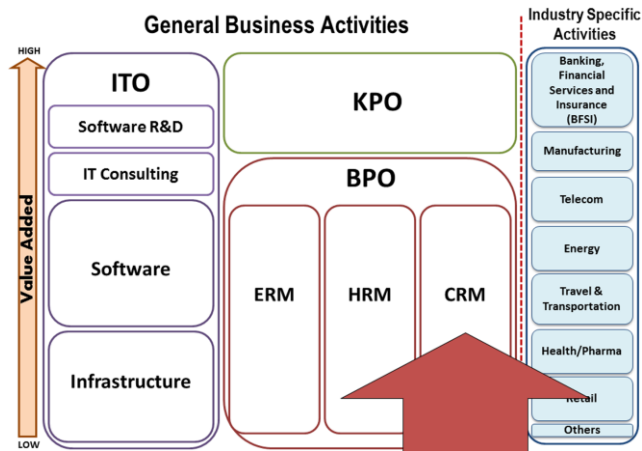
Upgrading and Workforce Development

Job Profiles and Upgrading



Upgrading Trajectory: Entry into the Value Chain

Entry into the Value Chain



Call centers hire people with high school diplomas or Bachelor's degrees.

Further skills training is provided by the company or private training institutions.

Skills

Preparation

Short technical training

Institutions

Private sector
Government

GVC Upgrading & Workforce Development: Select Findings



- Interpersonal and language skills are highly valued in this sector
- High competition for talent has resulted in shift from individual spending on education and training to firm-based training
- Tax incentives and public subsidies for education are increasingly used to attract offshore operation centers

THANK YOU FOR YOUR ATTENTION!



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