

A study of the factors leading to attrition in employees of BPO Industry with special focus on attitude towards job and employee engagement

Dr. Pavan Mishra
Professor, Deptt. Of Commerce
Barkatullah University, Bhopal (M.P.)

Neha Solanki
Research Scholar (Management)
Barkatullah University, Bhopal (M.P.)

Abstract

The BPO sector is one of the fast-developing sector in India and it contributes substantially in our Gross Domestic Product. Expansions and progress that has been recently made in the global telecommunications has led to the establishment of a relatively new brand of services that is being termed as the Information Technology Enabled Services (ITES). Modernization has led to an increase in the demands for various products and services and these demands are increasing day by day, and consequently there is an huge opportunity for customers care executive jobs. Telecommunication service are helping the youth by providing them huge employment opportunities and there are many young people who are turning towards grabbing these jobs. Despite showing significant growth in the past and assuring brilliant prospects for the future, still the BPO industry is experiencing high attrition rates since its very beginning. The cost of hiring and then training new employee is very high and so employee retention is a challenge for the whole industry. The business performance also suffers badly as a result of huge employee attrition. High attrition rate means a high employee turnover in an organization, it not only reduces the quantity but also the quality of an organization's manpower. Employee attrition reveals an organization's internal power and the weaknesses in managing its employees. As a result of employee attrition new employee need to be constantly added, and incurring further costs in training them, getting them aligned to the organization's environment. Organizations that have a high rate of employee attrition does not enjoy the reputation of a good employer and so faces difficulties in retaining the employees as well as attracting potential employees. In this competitive business era, there are lot many problems that the HR people need to address in order to fight high attrition rates. All this has a significant impact on the working of an organization and so in managing their business in a competitive environment. There is a lot of research that has taken place to address the problem of attrition BPO's. The broad objective of this research is to identify the root cause of attrition and to know how to retain employees in BPOs, also analyzing the level of employee satisfaction and involvement, and come up with recommendations, which will eventually be valuable to the organizations to retain their employees for a long term.

Keywords - Attrition, BPO, employee engagement, employee retention.

INTRODUCTION

Employee attrition is the rate at which organizations hire and fire employees that will represent the employee strength of their firm or those who leave their firms. It is also called the employee turnover rate. Employee Attrition can be defined as a voluntary reduction in an organization's manpower that

can result from either resignations or retirements, although retirements are not much bigger a problem as they happen gradually and slowly. A high attrition rate leads to a high employee turnover in an organization, also reducing quantity and the quality of an organization's present manpower. This leads to huge expenditure on human resource, the expenditures are made on repeated acquisition, training and development of the new and existing employees, and the performance management. Although attrition or voluntary turnover is undesirable to any firm, but it is not completely avoidable. Yet, improving employee morale and providing a satisfactory working environment may help to nullify this problem to a greater extent.

The Indian economy has seen an upheaval in its growth and development, there was even revolution in the technological front and a radical change in the way businesses were done. Grossman and Helpman's (2005: 135) said that we live in an age of outsourcing, it clearly designates that outsourcing has now become a recognized, accepted and established business strategy. Outsourcing means shifting or delegating a company's day to day work and operations or business process to any of the external service providers. Basically, outsourcing is done to lower the costs, to improve the quality of working and to get an edge over the peer competitors. (Amanpratap Singh Pall and Ashugupta (2007). Business process outsourcing means to involve an external service provider (i.e. the outsourcer) to manage and deliver the services in respect of one or more of its business activities which are not its core nature of business, the work is being shifted to the client (or the outsourced). One of the most known forms of outsourcing is business process outsourcing BPO, i.e. transferring the operational ownership to an external supplier that, in turn, administers the said processes according to some predefined metrics or standards (Ghosh and Scott, 2005; Stone, 2004). BPO or Business Process Outsourcing thus refers to the redistribution of the business functions to some other service providers, primarily the one established at low cost locations and willing to do it at a low rate. The service provider can either be self-owned or a third party.

BPO Industry has shown an exponential growth in last few decades and the Indian Business Process Outsourcing sector seems to be growing at a high rate. It has arisen rapidly, and its exports have grown massively and is expected to grow in the future at the rate of 8-10% and is expected to become \$54 billion industry by 2025.

Needless to say, the sector has also inherited the problem of attrition. Attrition is pretty high in this industry. The high level of attrition in BPOs has terrible effects on the organization. The high employee attrition increases the costs to the organization considerably. They must combat the amount of disturbance due to unplanned exits. The more the people leave an organization, the more is the drain of the company's resources like the expenditures incurred on recruitment, training and orientation, not only the money but valuable time is also wasted. The high attrition rate adversely affects the productivity of the organization. Therefore, it is extremely important to curb attrition not only for an individual firm but for the industry as a whole. Many researchers have worked enormously on the IT & BPO sector, citing its challenges, issues, and opportunities relating to employee performance, employee satisfaction, employee turnover etc.

Size and Growth of BPO Industry in India

The BPO sector is one of the fast-developing sector in India and it contributes substantially in our Gross Domestic Product. The factors that lead to the development of the BPO Industry in India are economy of scale, cost advantage and superior competency. The BPO growth in India can be credited to low labor cost, huge talent pool of experts and fluent English-Speaking professionals' availability. The

Report of NASSCOM states that the topographical location and investor friendly tax structure in India has contributed in the sharp growth of the sector in last few decades.

Approximately 2,45,100 people are presently employed by the BPO sector and another 94,500 jobs are expected to be added in near future. There are more than 400 ITES-BPO companies that are operating in the Indian market, including captive units (of both MNCs and Indian companies) and third-party services providers. In terms of market, the main consumer of India's ITES-BPO services (with a 66% share of the market) is the United States, this position is followed by Western Europe (including the UK), which accounts to almost 20% of export revenues. On the basis of the functions, Customer Care and Support services contributes to approximately 34% of the industry's revenues with the other leading service lines including Finance (with a contribution of 22%), Administration (13%) and Content Development (19%).

The greatest challenge faced by the Human resource professionals in a BPO is to manage the multicultural workforce, to retain the talented and skillful workforce and also to retain the high performing employees to maintain consistency in the performance. HR manager has been facing various complications in general and keeping quality staff. According to the national industry association, in the year 2017 the BPO industry generated US\$30 billion in revenue. The BPO industry is a small segment of the total outsourcing industry in India. In terms of revenue the BPO industry and IT services industry combinedly generated a total of US\$154 billion in the year 2017. The industry has been growing rapidly. The number of employees presently working in this industry is roughly 400,000. The global BPO Industry is estimated to be worth 120–150 billion dollars, of this the BPO is estimated to be about some US\$11.4 billion. India thus enjoys a share of some 5–6% of the total Industry, and a commanding 63% share of the offshore component.

NEED FOR THE STUDY:

According to a recent report by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), the attrition rate has risen drastically to 55% during the last few months with a substantial movement in middle and senior management levels. According to the study, the BPO-ITES sector has emerged as having the highest rate of attrition i.e. 65% during the last two years, giving a serious shock to India's prospects as the most sought-after BPO destination in the world. This study is aimed at identifying the factors that led to employee's voluntary resignations and so increasing the turnover rate with respect to BPO industry. The study aims to suggest the strategies to be followed by an organization to retain the talented workforce for a long period.

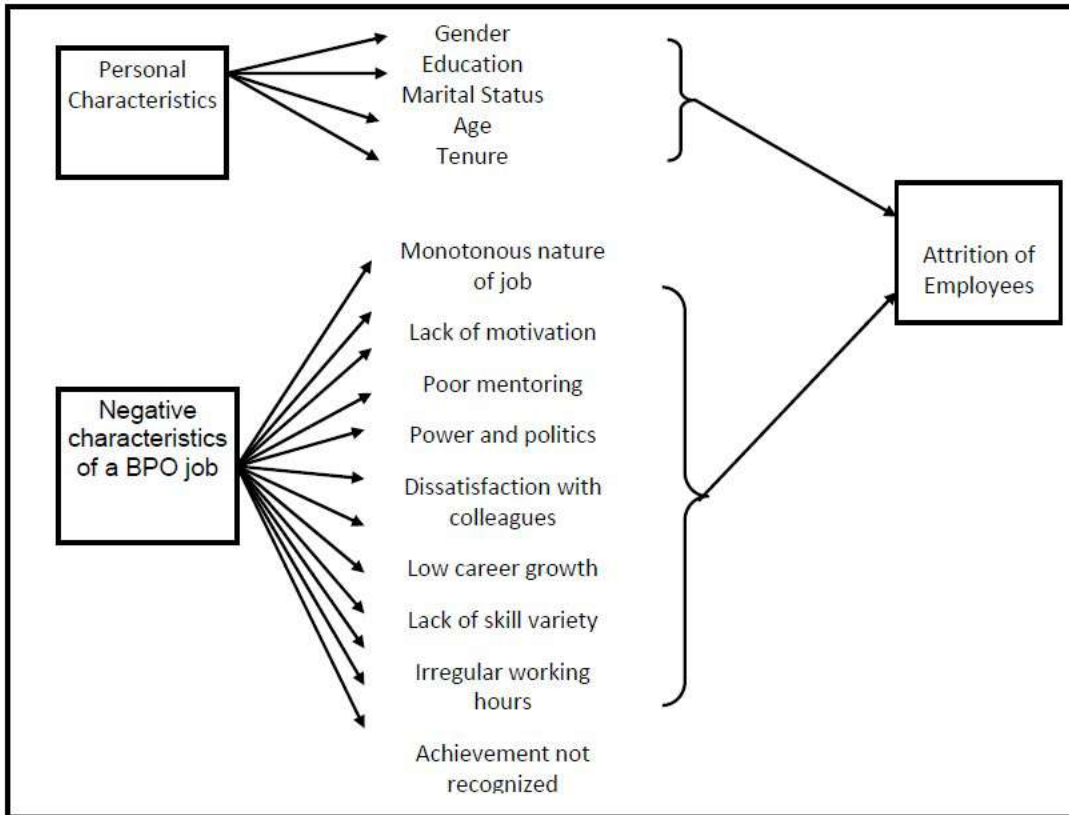
Objectives of the Study

- To identify the reasons leading to employee's voluntary resignation in the BPO Industry.
- To understand the employees attitude towards job and employee engagement
- To suggest measures to increase retention rate for employee in the BPO Industry.

Limitations

The results of the study can't be generalized to other services sector as there may be difference in their characteristics. Also, most of the respondents were not willing to volunteer information for fear of being victimized by the top management at their workplace. However, to overcome this limitation, the respondents were assured that all information will be treated as confidential.

Basic model of attrition



Methodology

Research methodology is a way chosen to systematically solve the research problem. It may be understood as studying how research is done scientifically. In this study, various steps are adopted by a researcher in studying the research problem along with applying the logic behind adopting them. It is necessary for the researcher to know not only the research methods/techniques but also the methodology.

Research Design

A research design is the pre-arrangement of conditions set for collection and analysis of data, in a manner that aims to combine significance to the research purpose. Descriptive type of research has been used in the present study. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is the description of the state of affairs that exists at present.

Methods of Data Collection

In dealing with any real-life problem sometimes the data at hand are inadequate, and hence, it becomes necessary to collect more data that are suitable. While deciding about the method of data collection which will be used for the study, the researcher should always keep in mind two types of data viz., primary and secondary.

The **primary data** are those which are collected afresh for the first time, and thus happen to be absolutely original in nature. In this study questionnaire has been used to collect primary data. The

questionnaire were close ended with a likert's scale, ranging from 1 to 5 starting from Strongly Agree to Strongly Disagree.

The **secondary data** are those which have already been collected by someone else. In this study secondary data are collected from the feedbacks/exit interviews that has been filled by the employees who had left the organization.

Sampling Techniques

The sampling technique used in this study is convenience sampling under non-probability sampling. The samples that were selected for inclusion in the sample are based on the ease of access, it can be called convenience sampling. It is also accidental sampling because at times the researcher included the respondent whom he meets accidentally.

Sample Size

275 questionnaires were distributed in total out of which 200 valid responses were collected, that resulted in a 72 percent response rate.

Data analysis was carried out using the t-test to identify whether mean scores of "Attitude towards job" vary between the personal profiles which have only two groups.

Respondents demographic profile

Gender	No. of respondents	%
Male	130	65
Female	70	35

Age	No. of respondents	%
Upto 25	47	23.5
26-30	103	51.5
31-35	40	20
36-45	10	5
Marital Status	No. of respondents	%
Married	76	38
Single	124	62

Total years of experience	No. of respondents	%
1-3 years	43	21.5
4-9 years	140	70
10 43years and above	17	8.5

A set of 13 statements was constructed to describe the attitude of the job on a five-point rating scale. The rating assigned by the respondents were Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The score on the attitude of the job is calculated by adding the rating given for all the 13 statements. Higher score meant higher level of agreement, and that their perception is more positive towards the job.

Gender wise the mean score for attitude towards the job was calculated and it was found that for females the score is 52.29 and for males it was 38.12, which means the score for females was higher than the mean score found out for males. There had been a significant difference in their mean scores ($t=5.323$, Significant at 1% level), found when the t-test was conducted between male and female employees.

The mean score for attitude towards job on the basis of marital status comes out to be 45.04 for married employees and the mean score of un-married employees is 41.88 i.e. the score of married employees is higher than score of unmarried employees. The t-test conducted between unmarried and married has shown that there is no significant difference in their mean scores ($t=1.134$, No significant difference).

Next, we talk about the mean scores for attitude towards job by Age. It shows that the mean score for the age group of 26-30 years was 36.55, score for the age group 31-35 years was 44.20, the score for the age group of 36-40 years was 52.75 and for the age group 41-45 years is 65. This shows that as age increases the perception of the employees towards their job becomes more positive.

A five-point rating scale comprising of 9 statements was constructed to describe the employee's engagement. The rating assigned by the respondents were Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The opinion score attained on employee engagement was calculated by adding the rating given for all the nine statements. A higher score assures more level of engagement and vice-versa.

Talking about gender wise mean score on employee's engagement, for female employees the score was 35.50 and for male employees the mean score was found to be 25.15, that means the mean score for females was greater than that of male employees. The t-test conducted between male and female employees showed a very significant difference in their mean scores ($t=11.640$, Significant at 1% level).

The average score for employee's engagement on marital status shows the results to be 29.15 for unmarried employees and the mean score of married employees is 28.16. The t-test conducted between unmarried and married showed there is no significant difference between their mean scores ($t=0.872$, No significant difference).

The mean scores of employee's engagements by Age show that the mean score for the age group 41-45 years was 45.00, for the age group 31-35 years was 29.68, the score was 29.63 for employees between 36-40 years and the lowest score of 25.39 was for the age group for 26-30 years. This shows that there is a positive correlation between age and engagement level, as the age increases their engagement level becomes high.

The results show that few variables like the attitude towards the job, experience with the present company and the total years of experience have a positive effect on Employee Engagement scores, i.e., any increase in these variables will result in a proportionate increase in the engagement scores. Another variable i.e. the age has an adverse effect on employee engagement scores, i.e., any increase in age will proportionately decrease in the employee engagement scores.

Gender was a dummy variable and was coded as 0-male, 1-female, it shows that female employees on an average have more employee engagement scores as compared to male employees. However, marital status another dummy variable coded as 0-single, 1-married, indicates that unmarried employees on an average have more engagement scores when compared to married employees.

T-Test outcome shows that all variables have significance effect on employee engagement either at 1% level or 5% level of significance.

Although the analysis also reveals that there are some other factors as well that have a major impact on the employee's attitude towards job. Those factors are as follows:

- Safe working environment
- Best training programs
- Better cooperation among the employees
- Availability of sufficient resources
- Better nature of work

The analysis revealed that the most important reasons for employee's voluntary resignation are as follows.

- Inadequate payment
- High work pressure
- High external pressure
- Irregular working hours
- Stressful working environment and diminishing work – life balance.
- Dearth of career development opportunities
- Absence of challenging work
- Absence of set of rules used for grievance redressal

Suggestions

Attrition is a boiling issue for any organizations irrespective of their nature of work. It is very essential for an organization to maintain its skilled workforce so that there is steady productivity. But most of the times it is a very difficult task to control the attrition rate within organizations, as there are so many factors that affect the employee turnover. Organizations should try to have a proactive retention strategy which will help in reducing employee turnover. Retention plan should not be static and should be changed according to the level of employees, because their roles are different; their needs are different; the factors that motivates them are different and the reasons that makes them leave are also different.

- First and foremost a satisfactory salary structure should be introduced as salary plays a very important role in employee retention. It helps to reduce turnover as it provides job security. But it is not the only solution. A person does not stay in an organization only for salary, but there may be many other reasons such as, rearranging employees, good stream relation, better working environment, preferable job location etc.
- The recruitment process should be made fool proof as it should be made sure that a new hire is a good fit for your company as it improves retention. A trial period should be implemented for new employees, during which both the organisation and the new employee can assess whether the relationship works.

- Employees should always be given a chance to improve their skills and eventually their pay grades. So, the organizations must provide training opportunities such as workshops, seminars, conferences, and even certification courses to the employees. Once they've mastered new skills, the organization must offer pay raise and promotions.
- For working parents, it becomes very difficult to manage their work and family, and if this balance cannot be attained, employees end to become frustrated and may leave the company. Offering flexible working hours may help in retaining the employees.
- A grievance procedure allows employees to express their dissatisfaction if any, with the action of the management. There should be a proper grievance redressal process which should encourage the employees to put forward their problems and seek solution.

Conclusion: The above study highlighted the importance of employee engagement and analyzed the influence of attitude towards the job and various demographics of employees on employee engagement. It also showed that there is a strong meaningful relationship between employee engagement and the employee's attitude towards the job. It is analyzed that the positive attitude towards the job is the important contributor in employee engagement. Efforts should be made to make so that the employees have a positive attitude towards the job, which can be ascertained by high employee engagement. Employees hard work should be recognized which in turn will motivate them to have a positive attitude towards the job. Higher salary should be offered which will also contribute in employees positive attitude towards their job.

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