A Study on Employee Attrition in BPO Industries in India

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Abstract: *Employee turnover reflects a company's internal strengths and weaknesses. New hires need to be constantly added, further costs in training them, getting them aligned to the company culture, etc. all pose a challenge. Organizations also face difficulties in retaining the remaining employees as well as attracting potential employees. High attrition rates also lead to a chronic or systemic cycle. All this has a significant impact on the strength of a company in managing their business in a competitive environment. This study is conducted to find out the main causes which increase the employee turnover in BPO companies and to find out the way to control attrition. This study was conducted in BPO companies at Bhubaneswar.*

Keywords: Employee, turnover, attrition, BPO

1. Introduction

Voluntary turnover has become a problem for many organizations, regardless of the nature of job, in today'ssociety. The costs of this turnover not only have an impact on organizations but also would affect the morale. Prior research has examined the costs of an employee's decision to voluntarily leave an organization. There have been a plethora of research studies conducted over the past 40 years by both academicians and practitioners on the causes and consequences of voluntary turnover.

In the ITES/BPO sector, however voluntary turnover is reaching alarming proportions. It becomes very important to study this questionable nature of large-scale attrition, as India houses a large no Of ITES/BPOs. An attempt has been made in this research to investigate on the employee turnover of ITES/BPO sector in India. Analysts believe that India remains a vital destination for outsourcing and expect its annual GDP to grow at 8-10% for the next decade. In addition, outsourcing efforts to India are held up as an effective remedy for concerns about both Chinese government policy and labour force issues, such as increasing costs and shortages.

The industry has been growing rapidly. It grew at a rate of 38% over 2005. For the FY06 financial year the projections is of US$7.2 billion worth of services provided by this industry. The base in terms of headcount being roughly 400,000 people directly employed in this Industry. The global BPO Industry is estimated to be worth 120-150 billion dollars; of this the offshore BPO is estimated to be some US$11.4 billion. India thus has some 5-6% share of the total Industry, but a commanding 63% share of the offshore component. The U.S $7.2 billion also represents some 20% of the IT and BPO Industry which is in total expected to have revenues worth US$36 billion for 2006. The headcount at 400,000 is some 40% of the approximate one million workers estimated to be directly employed in the IT and BPO Sector.The related Industry dependent on this are Catering, BPO training and recruitment, transport vendors, (home pick up and drops for night shifts being the norm in the industry). Security agencies, Facilities management companies.

2. Literature Review

In the year 2006, ArunaRanganathan Cornell University, USA and SaroshKuruvilla Cornell University, USA has done a detailed study on the factors the problem of high turnover in the high-tech BPO sector in India, where relatively well-educated employees are performing a variety of primarily low skill, low cost jobs. We highlight the various approaches employers are taking to solve the turnover problem. As we will argue,some of these strategies are fairly traditional, focusing on various instrumental incentives to promote employee retention, while some others are new and rather radical, particularly the articulation of an organizational and work culture tailor-made for the particular demographic profile of BPO employees :young, upper middle class, well-educated graduates. Based on anecdotal evidence and interviews with industry personnel. (a) the recent and rapid growth of the industry and the fact that firms are experimenting with a whole variety of retention strategies, and (b) the inability of firms to develop an integrated organizational culture that permits a focus on both longer term organizational performance ,as well as retention.

In the year 2008, S Sudha, has done a detailed study on the factors involving the attrition in BPO industry in India. According to her findings, among the listed problems one of the major hurdles the industry is facing is attrition. The companies are finding it very hard to retain their employees. The organization should have constant touch with its employees to know their satisfaction and dissatisfaction.

In the year, 2012 K R SreeRekha, under the guidance of Dr. T.J.kamalanabhan has done a detailed study on the factors involving employee attrition in BPO in India. According to their findings from the research it was found that In India over the past few years, the ITES/BPO sector has been growing in leaps and bounds. Based on the gaps identified from the literature, the study seeks to examine the influence

of the intervening variables such as organizational commitment on turnover intentions of employees .Applying mediation multiple regression technique, an empirical examination was conducted .The results based on 208 employees' responses from 5 organizations, indicated that antecedents of turnover in the conceptual model of the present study were significantly associated with employee turnover intention mediated by organizational commitment. Results of the mediated regression analyses found that organizational commitment is a significant mediator between organizational justice, satisfaction and organizational support viz a viz turnover intentions. The findings suggest that organizations need to focus on how to foster commitment, enhance job satisfaction and to provide support to facilitate employee retention. Finally, the implications for organizational research, managerial practice and the need for future research are discussed.

2.1 International Scenario Of Outsourcing

Employees in the BPO industry are increasingly managing complex pieces of work and are expected to not only deliver outcomes but also offer continuous improvement with a keen eye on the client's profitability and success. They are also expected to continuously invest in their own skills and industry knowledge to be able to conceptualize and implement large-scale changes in their processes.

The new generation of BPO employees needs to have good communication skills, professional and cultural ethos to be able to collaborate with similar professionals across the globe, deep industry knowledge and a desire to learn and invest more towards building their careers in the industry. Over the next few years, the industry will continue to build a voracious appetite for professionals with deep industry skills and service line knowledge. The major players in the International markets are Adecco, Manpower, Randstad, Kelly Services, Spherion Corporation, CSG, CDI, Robert Half PLC, and Volt Staffing.

2.2 National Scenario Of Outsourcing

The role played by BPOs in boosting India's economy shows that the IT and ITeS sector have been contributing largely to the economic growth of India. The growth in the contribution of BPOs to Gross Domestic Product has shown a steady rise from 1.2% to 6.4%. The growth rate of BPO sector is around 28% in the last 2 years. In fact this industry has provided job to around 1.6 million people, more over this industry assures an attractive standard of living. It is hence evident that the BPO industry is making an impact on the Indian economy even in the today's scenario of Global Meltdown. Since BPO is an effective cost cutting measure practiced around Globe and India to be the destination of Outsourcing, BPO's Role in India's economic growth is set towards making a significant impact in the time to come as well. The driving forces that account for the increase in foreign investments through the BPOs in India are:
- Emphasis on quality services
- Skilled sets and workers
- Cost effectiveness
- Quality products
- English speaking manpower

These features of the Indian BPO industry attract long-term contracts and as a result, there are high earnings which in turn result in major contribution to economic growth. As a matter of fact, the Indian BPO industry is leading in the market and is improving in the area of training professionals in learning foreign languages and increasing the number of skilled workers. This will give India the ability to sustain its global leadership and probably generate export revenues of USD 10 billion by 2010.

2.3 Benefits of Outsourcing

In rapid growth periods, the back-office operations of a company will expand also. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made your company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office. Back-office functions that are complicated in nature, but the size of your company is preventing you from performing it at a consistent and reasonable cost, is another advantage of outsourcing.

Overhead costs of performing a particular back-office function are extremely high. Consider outsourcing those functions which can be moved easily. Growth has resulted in an increased need for office space. The current location is very expensive and there is no room to expand. Outsource some simple operations in order to reduce the need for office space. Outbound telemarketing or data entry.

Operations whose costs are running out of control must be considered for outsourcing. Departments that may have evolved over time into uncontrolled and poorly managed areas are prime motivators for outsourcing. In addition, an outsourcing company can bring better management skills to your company than what would otherwise be available.

A large project needs to be undertaken that requires skills that your staff does not possess. On-site outsourcing of the project will bring people with the skills you need into your company. Your people can work alongside of them to acquire the new skill set. A company needs to embark on a replacement/upgrade project on a variety of custom built equipment. Your engineers do not have the skills required to design new and upgraded equipment. Outsourcing this project and requiring the outsourced engineers to work on-site will allow your engineers to acquire a new skill set.

3. Importance of the Study

As it is highlighted as one of the major sectors, it is facing a lot of problems relating to stress, health problems, work place issues, etc. Hence research is under taken in one of the leading ITES Company Tech Mahindra in Bhubaneswar to find out the major reasons for attrition.

3.1 Scope of the Study

The study is confined to only one company in Bhubaneswar city. The employees working in this Industry are in the age group of 30-35 who work as technical support executives and take calls the average calls taken by an individual is 150

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within the 8 hours of working. The research gives insights on the stress level, work environment, team work and Job satisfaction level. The finding is about the major factors involved in employee attrition.

3.2 Objectives of the Study

This study is a learning process as post graduate students and the main objective is to understand how research is carried out along with the various processes involved. This study is based on actual findings limited to one BPO company located in Bhubaneswar and it shows the main factor which is responsible for employee attrition in BPO industries.

4. Methodology

The study has been based on primary data collection. Primary research consists of a collection of original primary data collected by the researcher. It is often undertaken after the researcher has gained some insight into the issue by reviewing secondary research or by analyzing previously collected primary data. It can be accomplished through various methods, including questionnaires and telephone interviews in market research, or experiments and direct observations in the physical sciences, amongst others. We have followed the questionnaire method. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Although they are often designed for statistical analysis of the responses. We have followed both open ended and closed ended questions. First we have formulated open ended questions and collected samples and then we have formulated closed ended questions from those. For the study we have collected random sampling from sampling technique.

A simple random sample is a subset of individuals (a sample) chosen from a larger set (a population). Each individual is chosen randomly and entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process, and each subset of k individuals has the same probability of being chosen for the sample as any other subset of k individuals. This process and technique is known as simple random sampling, and should not be confused with systematic random sampling. A simple random sample is an unbiased surveying technique. Simple random sampling is a basic type of sampling, since it can be a component of other more complex sampling methods. The principle of simple random sampling is that every object has the same probability of being chosen.

The sample size for this research is 20. Sample size is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. In practice, the sample size used in a study is determined based on the expense of data collection, and the need to have sufficient statistical power.

The research has followed various statistical measurement techniques as follows:

4.1 Descriptive: descriptive statistics aim to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to represent. This generally means that descriptive statistics, unlike inferential statistics, are not developed on the basis of probability theory. Even when a data analysis draws its main conclusions using inferential statistics, descriptive statistics are generally also presented.

4.2 Anova: It is a collection of statistical models used to analyze the differences between group means and their associated procedures (such as "variation" among and between groups). In Anova setting, the observed variance in a particular variable is partitioned into components attributable to different sources of variation. In its simplest form, Anova provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes *t*-test to more than two groups. Doing multiple two-sample t-tests would result in an increased chance of committing a type I error. For this reason, Anovas are useful in comparing (testing) three or more means (groups or variables) for statistical significance.

4.3 Factor Analysis: It is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. For example, it is possible that variations in four observed variables mainly reflect the variations in two unobserved variables. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modeled as linear combinations of the potential factors, plus "error" terms. The information gained about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset. Computationally this technique is equivalent to low rank approximation of the matrix of observed variables. Factor analysis originated in psychometrics, and is used in behavioral sciences, social sciences, marketing, product management, operations research, and other applied sciences that deal with large quantities of data.

To study the factors like Job satisfaction, work place, competitive benefits and factors of attrition. A questionnaire was prepared with closed ended questions and followed. Various articles offering information about outsourcing was also used in the study. There are various segments for the questions based on Job satisfaction, Work place, Employee benefits and Team members. The analysis has been done with the help of SPSS package software.

4.1 Details of the Study

The study consists of scope, limitations; methodology followed by detailed data analysis and interpretation and finally concludes with findings and suggestions.

4.2 Analysis of the Study

Total number of samples taken for research is 13. Total number of questions taken for research is 30. In this research

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all the respondents belongs to the age group <= 30 and they have experience of 3-4 years. All the respondents possess their educational qualification as Graduation.The respondents work nature is said to be permanent and full time only. The reliability of the study is examined by SPSS software and KMO test, F-test has been conducted.

Q1Employees are recognized individuals

Q2.How motivated are you to see the company succeed

Q3. Company clearly communicates its goals to employee

Q4.How flexible is the company with respect to your family responsibilities

Q5.Take part in your company's flexitime program

Q6.Would you refer a friend to apply for a job at this company

Q7. Experienced any discrimination or harassment at this company

Q8.Company clearly communicates its strategeies to employee

Q9.In thinking about the variety of tasks your position requires, would you say that

Q10. I receive enough opportunity to interact with other employee

Q11.I have a clear path for career advancement

Q12.My job requirements are clear

Q13.Overall how satisfied are you with your position at this company

Q14. There are more positive than negative aspects to my job

Q15. I feel encouraged to come up with new and better ways of doing things

Q16. My work gives me a feeling of personal accomplishment

Q17. I have the tools and resources to do my job well

Q18. On my job, I have clearly defined quality goals

Q19. The company does an excellent of keeping employees informed about matters affecting us

Q20. When Customers is dissatisfied, I Correct the problem to their satisfaction

Q21. I understand why it is so important for to value diversity

Q22. My job makes good use of my skills and abilities

Q23. My supervisor's manager visibly demonstrate a commitment to quality

Q24. Senior managers visibly demonstrate a commitment to quality

Q25. How satisfied are you with the information you receive from management on what is going on in your division

Q26. How satistied are you with your involvement in decisions that affect your work

Q27. Considering everything, how satisfied are you with your job

Q28. How satisfied are you with the information you receive from management on what's going on in the company

Q29. How satisfied are you with your opportunity to get a better job in this company

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.918	.909	40

4.3 Growth Aspect

1.The company clearly communicates its goal and strategies to me				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	5	25.0	25.0	25.0
	3.00	7	35.0	35.0	60.0
	4.00	8	40.0	40.0	100.0
	Total	40	100.0	100.0	

| 2. I have clear path for my career advancement				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	2	5.0	5.0	5.0
	4.00	18	45.0	45.0	50.0
	5.00	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

Interpretation:

Table 1 and 2 shows the respondents opinion about the career advancement opportunities in the organization and its clarity and direction. It is inferred from the pie chart 1- 40% somewhat agree about the goals and strategies related to career and from pie chart 2- 50% of the respondents have strongly agreed about the career advancement opportunities its clarity and direction in the organization.

4.4 Level of Job satisfaction

1. My job requirements are clear

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	5	5	5
	3	18	45	45	50
	4	10	25	25	75
	5	10	25	25	100
	Total	40	100	100	
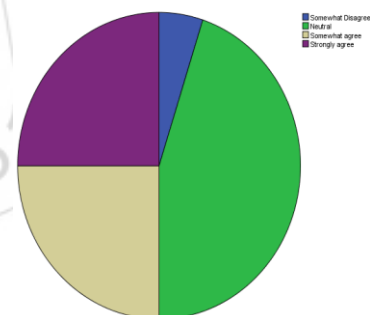
2. Overall how satisfied are you with your position at this company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	5	5	5
	2	6	15	15	20
	3	12	30	30	50
	4	16	40	40	90
	5	4	10	10	100
	Total	40	100	100	
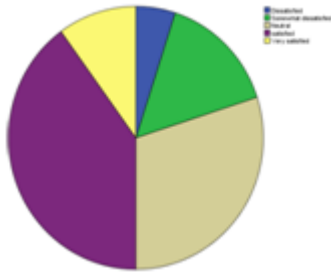
3. There are more positive than negative aspect to my job

		Frequency	Percent	Valid Percent	Cumulative Percent
	2	6	15	15	15
	3	16	40	40	55
	4	18	45	45	100
Valid	Total	40	100	100	

4. I have the tool and resources to do my job well

		Frequency	Percent	Valid Percent	Cumulative Percent
	1.00	2	5.0	5.0	5.0
	3.00	6	15.0	15.0	20.0
Valid	4.00	26	65.0	65.0	85.0
	5.00	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

5. On my job i have clear defined quality goal

		Frequency	Percent	Valid Percent	Cumulative Percent
	1.00	2	5.0	5.0	5.0
Valid	3.00	26	65.0	65.0	70.0
	4.00	12	30.0	30.0	100.0
	Total	40	100.0	100.0	

6. Considering everything how satisfied are you with your job

		Frequency	Percent	Valid Percent	Cumulative Percent
	2.00	12	30.0	30.0	30.0
	3.00	8	20.0	20.0	50.0
Valid	4.00	18	45.0	45.0	95.0
	5.00	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Interpretation:

Table3, 4, 5, 6, 7& 8 shows respondents'opinion about overall job satisfaction in the organization. It is inferred from the abovepie chart 3- 45% of the respondents are clear about job requirement, from pie chart 4- 40% of the respondents are satisfied with the given position in the organization, from pie chart 5- 45% of the respondents strongly agree with the positive aspects of the job, from table 6- 65% of the respondents agree with the availability of required tools and resources in the job environment and from pie chart 7- 65% of the respondents are neutral about the organization goal.

4.5Organizational Culture

7. The company does an excellent job of keeping employee informed about matter affecting us

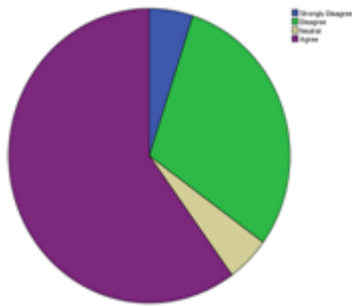|		Frequency	Percent	Valid Percent	Cumulative Percent
	3.00	20	50.0	50.0	50.0
Valid	4.00	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

8. Why it is important for company to value diversity to recognise the value of difference in race, gender and age

		Frequency	Percent	Valid Percent	Cumulative Percent
	1.00	2	5.0	5.0	5.0
	2.00	12	30.0	30.0	35.0
Valid	3.00	2	5.0	5.0	40.0
	4.00	24	60.0	60.0	100.0
	Total	40	100.0	100.0	

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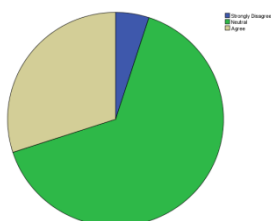
9. My job makes good use of my skill and ability

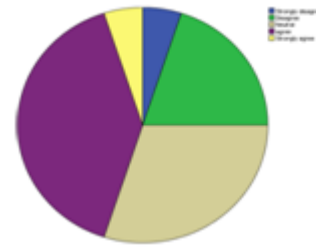|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	5.0	5.0	5.0
	2.00	14	35.0	35.0	40.0
	3.00	4	10.0	10.0	50.0
	4.00	20	50.0	50.0	100.0
	Total	40	100.0	100.0	
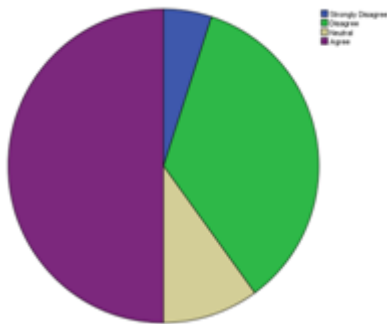
Interpretation:

Table 9, 10& 11 shows respondents opinion on organizational culture and values given importance in the organization. It is inferred that from pie chart 9- 50% of respondents agree to the information being disseminated properly in the organization where as 50% of respondents are neutral, from pie chart 10- 60% of respondents agree to importance being given towards respect of and individuals culture and values and from pie chart 11- 50% agree on their skills and abilities being used for the job in the organization.

4.6 Team Work

10. Supervisor manager visibly demonstrates a commitment to quality

		Frequency	Percent	Valid Percent	Cumulative Percent
	1	2	5	5	5
	2	8	20	20	25
	3	12	30	30	55
	4	16	40	40	95
	5	2	5	5	100
Valid	Total	40	100	100	

11. Senior manager visibly demonstrate a commitment to Quality

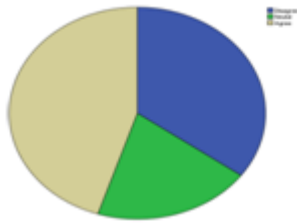|		Frequency	Percent	Valid Percent	Cumulative Percent
	1	2	5	5	5
	2	8	20	20	25
	3	12	30	30	55
	4	12	30	30	85
	5	6	15	15	100
Valid	Total	40	100	100	
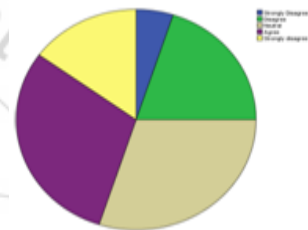
12. How satisfied are you with the information you receive from management on what is going on in your division

|		Frequency	Percent	Valid Percent	Cumulative Percent
	2	10	25	25	25
	3	10	25	25	50
	4	12	30	30	80
	5	8	20	20	100
Valid	Total	40	100	100	
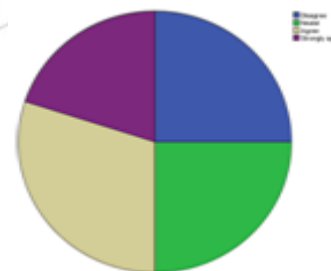
13. How satisfied are you with your involvement in decisions that affect your work

		Frequency	Percent	Valid Percent	Cumulative Percent
	2	14	35	35	35
	3	8	20	20	55
	4	18	45	45	100
Valid	Total	40	100	100	

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14. How satisfied are you with the interaction from senior management with you in the company

		Frequency	Percent	Valid Percent	Cumulative Percent
	2	10	25	25	25
	3	10	25	25	50
	4	14	35	35	85
	5	6	15	15	100
Valid	Total	40	100	100	
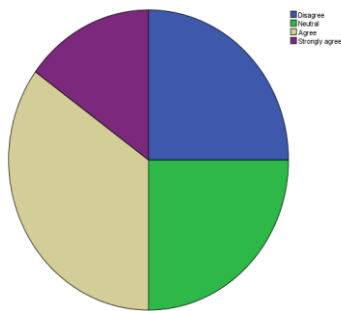
Interpretation:

Table 12, 13, 14, 15 & 16 shows respondents' opinion on relationship and recognition for each other and with management in the organization. Pie chart 12- 40% respondents agree on supervisors performing duties properly on job, pie chart 13- 30% respondents agree and 30% respondents neutral with senior managers performing duties on job, pie chart 14- 30% respondents agree on information being given from senior management, pie chart 15- 45% respondents agree with the involvement in decisions making among team members and pie chart 16- 35% respondents agree with regular interaction with senior management.

5. Findings

The major findings in the research are as listed below:
1. 45% of the respondents have given a strongly agree opinion about the growth aspect in the organization.
2. 50% of respondents were given neutral and rest 50% have given agree opinion about job satisfaction.
3. 60% of the respondents have given agree opinion about organizational culture.
4. 45% of the respondents have given agree opinion about team work.
5. The respondents were asked reasons for leaving previous organizations and they told some of the influential factors as listed:

Low career prospects
The BPO industry usually adopts a flat structure with little avenue for specialization. Only the most ambitious of the lot manage to climb up the corporate ladder. The rest have to make do with striving for higher incentives and settling for their own profiles for a longer period as compared to their counterparts in other industries.

For better remuneration
Employees in the BPO sector are usually thrilled during the few months of receiving their paycheck. But sooner or later they begin to feel either exploited or underutilized and seek jobs offering higher pay scales. These are usually jobs in other BPO companies poaching on experienced people by offering better salaries. With remuneration the prime factor behind any job, employees seldom think twice about leaving their BPO jobs for a better paying one.

Stressful lifestyle
Most youngsters take up BPO jobs assuming they would have the ideal job to cater to their requirements. The sedentary lifestyle, sleep disruptions, and unbelievable targets laid greatly increases the stress levels of these employees. Hence they take up unnecessary vices such as smoking and drinking to ease their tensions which in the long run take a toll on their health. Unmanageable stress is a major reason many opt out of the BPO industry.

Unsatisfying interpersonal relationships
Non-cordial relationships with peers and superiors make it strenuous in a BPO job. This is because of the peculiarnature of the job requiring you to be amongst the same set of people for a larger part of the day. Hence a sour experience leads the influential minds of young employees to think of other alternatives in their career.

6. Conclusion

A BPO company operates 24 hours a day and 365 days a year. Graveyard shifts and odd hours which suit the foreign clients create lot of problems to the employees. Symptoms of Insomnia and even depressionare caused due to change of 24-hour biological rhythm of the body, and also loss of employee's personal life hence. The employee of BPO sectors has undergone with stressful life which can be reduce. This paper focus on the remuneration paid by the BPO sector and they are unsatisfying with the interpersonal relationship

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