Employee Attrition - A pragmatic Study with reference to BPO Industry

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ABSTRACT

Employee attrition reveals a company's internal power and weaknesses. New employee need to be constantly added, further costs in training them, getting them aligned to the company environment. Organizations also face difficulties in retaining the employees as well as attracting potential employees. In this competitive business era, high attrition rates lead to many issues in the boundary of HR people. 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 reasons which increase the employee turnover in BPO companies and to find out the way to predict and control them. The research is purely based on the descriptive in nature. This research was carried out in BPO companies. In this study, the opinions of 120 respondents (Both ex-employee and current employee) were taken for the analysis purpose. In this research, structured questionnaire has been incorporated for collecting data and chi-square test, percentage analysis and ANOVA were used for analysis.

Key words: Productivity, Job Satisfaction, Commitment, career growth & Interpersonal relationship.

I. INTRODUCTION

The business process outsourcing (BPO) industry in the country which is expected to employ around one million people by 2010 is facing the challenge of finding quality human resources given the current attrition rate of around 50 percent. This is an issue that most HR managers in the call centre face today.

It is quite common that all the industry people suffer because of employee jumping from one company to another company for one or more reasons. But in the call centre industry the attrition rate is very high. The call centre employees always looking for a better opportunity.

Analysts say attrition rates vary by 20%-40% in some firms, while the top ones averages at least 15%. Nasscom in a report said the outsourcing industry was expected to face a shortage of 262,000 professionals by 2012. The size of the Indian BPO market is likely to be around $9-12 billion by 2009 and will employ around 400,000 people, ICRA said in its Indian BPO industry report. The reasons for the high rate of attrition was due to various factors like salary, work timings, other career options, adding that there is always the danger of costs increasing while billing rates decline.

Corporation invests thousands of dollars in recruiting and training call centre employees. Retention of employees is an important issue in this highly competitive job market. India and other offshore locations remain highly competitive destinations for call center traffic despite the current issue with attrition. It has become more necessary for call centers to focus on globally accepted best practices in ensuring that their staff remain motivated and not just rely on throwing money at the problem.

II. RESEARCH SCOPE

The project work has been carried out in the call center division of The Blend Inc., The survey is made among the Ex-Employees who have left their job from The Blend Inc., and current employees of The Blend Inc., This study is purely done with respect to call center executives and the other profiles are not taken into concern.

III. RESEARCH METHODOLOGY

In this paper, Convenience sampling method has been adopted for the collection of data from the Ex-Employees. A sample 0f 60 ex-employees has been taken from the universe of 100 employees.

Stratified Random sampling divides the population into mutually exclusive groups and random samples are drawn from each group. Here, the

population or universe of 160 current employees is divided into mutually exclusive groups like shifts and age groups. A sample of 50 current employees has been taken from the universe of 160 employees.

Primary data was gathered by filling up of the questionnaires by the respondents. Survey research method has been adopted to collect the data from current employees. Mail questionnaire method has been adopted to collect the data from ex-employees. Two separate well-structured questionnaires were designed for the collection of primary data from both ex-employees and current employees. A questionnaire consists of 10 questions totally identifying various key factors, presented for the ex-employees to fill up. A questionnaire consist of 15 questions totally identifying various key factors, Presented for the current employees to fill up. In this research, Percentage analysis, weighted average method, Chi-square Test and ANOVA have been incorporated for analysis purpose.

IV. Statement Of The Problem

Even though the ITeS industry has been growing at a breakneck speed, the call center services and Business Process Outsourcing has somehow not been able to retain its employees and this is a problem, which has been bugging the IT industry. This leads "The Blend Inc.," for a quicker decision concerning how to retain its employees. It has become imperative for "The Blend Inc.," to identify the factors that lead to attrition, Thereby finding out some strategies to be adopted in the organization to minimize the attrition rate. The purpose of this study is to identify the factors that have lead to the resignation of ex-employees and to study the levels of satisfaction of the factors among the current employees.

V. Research Objectives

❖ To identify various factors that has lead to the resignation of ex-employees from The Blend Inc.,

❖ To study the levels of satisfaction among the current employees based on the factors including promotion, salary, job satisfaction, Transfer, Getting accustomed to the new environment, interpersonal relationship, and perks which might influence the attrition.

❖ To suggest suitable recommendations to minimize the attrition rate.

VI. Research Limitations

The time period was limited to 8 weeks. The study is pertained to the attrition resulted out of resignation only. The opinion of the respondents is taken as true and valid. A few respondents were not ready to provide necessary information due to some personal reasons. The study is related to the call center division of The Blend Inc., only. Hence the results of the study may not be applicable as a whole to any other division of The Blend Inc.

VII. Attrition – An Overview

Attrition- People leaving the organization naturally. people may leave the organization because they retire, they get a new job with another organization, they move to another country, their contract is over, or they have died. Attrition does not mean people have been fired. To put in a nut shell, Attrition is reduction in the number of employees through retirement, resignation or death.

Attrition Rate- "The rate of shrinkage in size or number." An attrition rate in call (or contact) centers has become legendary. Indeed, the attrition rate in some Indian call centers now reaches 80%. This is an extreme figure but the average attrition rates in Indian call centers are around 30-40 %.

VIII. Attrition and Labour Turnover

Attrition is the gradual reduction in employment as a result of resignations, retirement and death. Whereas turnover is the change of labor forces with a plant, which would include accessions(new hires) quits, discharge, and layoffs. Labor turnover is concerned with movement of individuals into job(hirings) and out of jobs(separations) over a particular period. Labour turnover – Mainly referred to the people whose Physical presence is needed at the work. It can be a clerk or production operator. Employee attrition is referred to the people whose skills, knowledge and competency, in other words, whose mental presence is required at the work.

IX. Factors influencing Attrition

1. Salary
2. Accustoming to the new environment
3. Working conditions
4. Lack of career growth
5. Higher education

X. Cost Associated With Attrition

- ❖ Additional recruitment cost
- ❖ Low production cost
- ❖ Increased cost for training replacement employees
- ❖ Loss of know-how and customer goodwill
- ❖ Potential loss of sales
- ❖ Damage that may be done to morale and productivity.

A long term relationship needs to be established with the employees. Moreover, employees in this sector need a lot personal space and a well thought-out career growth plan. Management also needs to consider other aspects like secure career, benefits, perks and communication. Companies need look to hire from non-metro cities, as the employees from these cities are more likely to stay with the company than those from metros. Companies need to go in for diverse work force, which does not only mean race, gender diversity, but also include age, experience and perspectives. Diversity in turn results in innovation and success. The attrition battle could be won by focusing on retention, making work a fun place, having education and ongoing learning for the workforce and treating applicants and employees in the same way as one treats customers.

To conclude, BPO need to understand that now, the case is not about giving more salaries and preventing the employees from leaving. Employees need much more than what is obvious. Meeting these expectations, call centers can minimize the attrition rate to a maximum possible extent.

X1. Literature Review

Attrition is defined as a reduction in the number of employees through retirement, resignation or death and attrition rate is defined as the rate of shrinkage in size or number [1]. Attrition in the BPO industry is one of the biggest issue which the growing ITES industry in India is facing [2]. Business process outsourcing (BPO) industry in India is progressing with an unparalleled velocity. They have studies the significant dimensions of attrition and employee retention in the BPO industry [3]. High attrition rates also lead to a chronic or systemic cycle in BPO sector. Attrition has a significant impact on the strength of a company in managing their business in a competitive environment [4]. Grossman and Helpman's coined, "We live in an age of outsourcing," clearly designates that outsourcing has now become an acknowledged, accepted and established business strategy [5]. In ITeS sector, job-related and demographic variables are associated with employee satisfaction [6]. Business process outsourcing (BPO) has turned out

to be one of the most significant business trends and largest IT growth sectors in the last few years [7]. With the growing importance of information and communication technologies though, many organisations have realized the critical role that IT nowadays plays for business success and the potential it carries to achieve strategic goals [8]. IT is interconnected within the organisation, but also what the actual problems are, and how business processes work before they can be handed over to suppliers [9]. By effectively developing and managing levels of employee hope, Indian BPO firms can effectively combat employee problems such as attrition, stress, and burnout that have plagued the BPO industry [10]. Business Process Outsourcing (BPO) is growing at a phenomenal pace. It has become a mantra of employment. Despite its momentous growth and bright future, the BPO industry continues to suffer from very high attrition rates [11]. The success of the service industry is, in part, dependent on recruiting and retaining workers with the right combinations of skills, but is threatened by high rates of staff attrition and job-hopping [12]. The employee attrition is a painful area for the management of information technology enabled services (ITeS) call centres. In spite of providing attractive salaries, social security benefits, pick-up and drop facilities and swanky office spaces, the ITeS call centre employees are leaving the organisation. The management is bemused that why do employees actually leave? They have anlysed the factors behind the high attrition in Indian ITeS call centres [13]. Many BPO firms do not seem to realize the possible exit barriers and strategies to manage exit, if necessary. What happened in the dot com era can very well happen in the BPO space also unless care is taken to manage this rapid growth while retaining productivity and quality [14].

XII. Research Analysis
Table No: 1
Attrition Rate From (2006-2011)

Year	Attrition Rate
2005-2006	40%
2006 -2007	38%
2007-2008	42%
2008-2009	48%
2009-2010	52%

Source: Secondary Data

It is apparent that the attrition rate has attained its peak in the last year (2009-10). It can be seen that there is a considerable increase in the attrition rate, which has been increased by 16% in 3 years.

Table No:1

RESPONDENTS BY THEIR GENDER

Gender	No. of Respondents	Percentage
Male	38	63
Female	22	37
Total	60	100

Source: Primary Data
It is evident that majority of the respondents (63%) were males.

Table No: 2

RESPONDENTS BY THEIR AGE

Age Group	Male	Percentage	Female	Percentage
Less than 20 Years	9	23.68	5	22.73
21 to 25 Years	16	42.11	11	50
26 to 30 Years	8	21.05	4	18.18
31 to 35 Years	5	13.16	2	9.09

Source: Primary data
It is clear that about one half of the respondent were in the age group of 20 to 25, this is because these respondents take their job in the call center soon after their completion of graduation.

Table No: 3

RESPONDENTS BY THEIR SHIFTS

Shifts	Timings	Male	Percentage	Female	Percentage
A	8AM-4PM	22	57.89	15	68.18
B	1PM-7PM	16	42.11	7	31.82

Source: Primary data

It is apparent that in all shifts the respondents were predominantly males. The Male respondents found to be very high in shift A (8AM-4PM) since they found this shift as convenient due to the timings, which enable to have an alternative job. Female presence is high in Shift A (8AM-4PM) since this shift is suitable for them for finishing their commitments with their family. It is also clearly understood that the females are less in Shift B (1PM-7PM) thus we can say that they do not prefer to work under the evening shifts.

RESPONDENTS BY THEIR SHIFTS AND THEIR OPINION ON THE HEALTH CONDITION

ANOVA:

Hypothesis: Let as assume the null hypothesis that there is no significant difference in the opinion of the health condition among the employees of various shifts.

The Calculated value of ANOVA is 0.70. The table value is 2.76 at the level of significance 5% and degrees of freedom 25/4. Since the calculated value is lesser than the table value, that is, 0.70<2.76, we accept the null hypothesis. Hence it can be concluded that there is no significant difference in the opinion of health condition among the various shifts. This implies that the health condition was affected irrespective of the shifts of the respondents.

RESPONDENTS BY THEIR EXPERIENCE AND THEIR OPINION ON THE LEVELS OF UTILIZATION OF KNOWLEDGE SKILLS IN THEIR JOB

Hypothesis: Let as assume the null hypothesis that the utilization of knowledge/skills is independent of experience of the respondents.

The calculated value of Chi-Square ($\chi 2$) is 41.63. The table value of $\chi 2$ is 21.0 at the level of significance 5% and the degrees of freedom = 12. Since the calculated value is greater than the table value, that is, 41.63 > 21.0, we reject the null hypothesis. Hence it can be concluded that the utilization of knowledge/skills varies according to experience. The knowledge/skills of the respondents with higher level of experience were confirmed to be less utilized.

XIII. RESULTS AND DISCUSSIONS (IMPACT ORIENTED) (ANALYSIS BASED ON THE EX- EMPLOYEES)

The number of employees who have resigned due to the inability of getting accustomed to the new environment, salary, job satisfaction was found to be very high among the respondents of less than 20years of age and this is more prevalent among females. This might be because of the high levels of stress and lack of exposure to the pressure of target, which they were facing for the first time at the work place. Salary and Career growth as factors causing resignation were found to be very high between 21 to 25 years of age among males. Since they have gained experience, they desire for a better salary and promotion. But the scope for

further promotion and career growth in the call center job is very vague.

The resignation due to the health condition was found to be high among the respondents of less than 20 years of age of both males and females. Because of the physical condition of these young employees could not adapt to the new shift schedules. Resignation due to age factor was prevalent only in the age group of 31 to 35 years of respondents. It is found that the respondents with 20 to 30years of age were dissatisfied with other factors such as transfer factor, higher education. Since there are no branches, they were found to resign their job when settling for marriages and even for furthering their education. Most of the females in the 20 to 30 years of age were found to resign their job when they proceed in their family life. At the same time, during this age, the female due to their pregnancy resign their job.
The number of employees who have resigned due to the dissatisfaction of their job was found to be high among the respondents of 21 to 25 years of age. They feel that their work is monotonous and stereotype. Only interpersonal relationship and perks were not major reasons for the resignation of ex-employees

(ANALYSIS BASED ON THE CURRENT EMPLOYEES)

Salary was found to be the primary factor causing dissatisfaction among most of the respondents. Career growth and job satisfaction take the second place leading to dissatisfaction. 60 % of the respondents were dissatisfied due to the difficulties in getting accustomed to the new environment and 64% of the respondents because of the immobility to other places. But 52% and 6% of the respondents were found to be satisfied with interpersonal relationship and perks respectively.

The respondents with higher levels of experience were highly dissatisfied with the promotion policies of the organization. It is also found that their Knowledge/skills were also rarely utilized in their job because call centers do not need a versatile employee. Thus there was no optimal utilization of their knowledge/skills. It is apparent that Shift A was considered as the most inconvenient shifts by the respondents to work. Moreover the health condition of these respondents was found to be deteriorated when working under these shifts. It is evident that the knowledge /skills of the respondents who possess either their graduation or post graduation was also required for these call center job. In other words, these respondents are over qualified for their jobs.

The working hours was considered to be strenuous by the females and also by the respondents with lower levels of experience even though they work for 8 hours a day. The reason may be due to heavy work load and high level of stress at the work place.

XIV. RESEARCH SUGGESTIONS

It is better to appoint male executives for the Shift A (8am to 4pm). While recruiting executives, Physical health condition can be given importance. Recruiting unmarried female executives will warrant in losing them in short period. Management can arrange for a Group Insurance Policies, Medical Reimbursements, and a tie-up with hospital. Systematic leave structure and tours can be arranged to rejuvenate employees energy levels to cater to the needs of the health problems of the employees.

The HR Department can take preventive steps and avoid taking over qualified employees even at the entry levels. The employees can be provided with supportive measures to continue their education, or even to pursue part time courses. So they will become eligible for the growth in the career ladder. This would quench the aspirations among the senior staffs. Yoga, Transcend meditation and other practices, which calm the mind and save the mental energy of the employees, can be advocated. The life style and food habits of the employees have to be changed in order to meet the requirements of the industry. The management can provide counseling in this regard.

XV. CONCLUSION

Despite the problem of attrition, Call centers are springing up fast in India, which boasts of a large number of English-speaking graduates. The Blend Inc., has to understand that all the factors such as Salary, Career Growth, job dissatisfaction, Unavailability to Transfer, Health Condition and inability of getting accustomed to the new environment have lead to the resignation of ex-employees and also caused greater dissatisfaction among the employees. By adopting suitable strategies to retain its employees, The Blend Inc., can minimize the attrition.

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ATTRITION – A PRAGMATIC STUDY

QUESTIONNAIRE FOR EX-EMPLOYEES

1) Name:
2) Sex: a) Male   b) Female
3) Designation:
4) Qualification:
5) Experience:
6) Marital Status
   a) Married
   b) Unmarried

7) Duration of services in "The Blend Inc.,"
   a) Less than 6 months
   b) 6 months – 1 year
   c) 1 – 2 year
   d) Above 2 years

8) What is the age group you belong to?

   a) Less than 20 years
   b) 20-25 years
   c) 25-30 years
   d) 30-35 years

9) In which shift you have worked there?

   a) Morning shift (8 a.m – 4 p.m)
   b) Afternoon shift (1 p.m – 9 p.m)

10) What is the reason for your resignation from " The Blend Inc.,"

   a) Salaryb) Career Growth c) Job satisfaction

d) Age factor   e) Health Condition
      f) Interpersonal relationship

g) Unable to get accustomed
      h) Others:
_____

Questionnaire for Current Employees

1) Name:
2) Sex: a) Male   b) Female
3) Designation:
4) Qualification:
5) Experience:

6) Marital Status

    a. Married
    b. Unmarried

7) When did you join in "The Blend Inc.,"?

Date of Joining: _____

8) What is the age group you belong to?

    a. Less than 20 years
    b. 21-25 years
    c. 26-30 years
    d. 31-35 years

9) In which shift you have worked there?

    a. Morning shift (8 a.m – 4 p.m)
    b. Afternoon shift (1 p.m – 9 p.m)

10) How far are you satisfied with the following factors of your organization?
    Factors

    Salary

    Career Growth

    Job Satisfaction

    Getting Accustomed
    to the new Environment

    Interpersonal Relationship

    Transfer

    Perks

11) How far are you satisfied with the promotion policies of the organization?

    a. Highly Satisfied
    b. Satisfied
    c. Neutral
    d. Dissatisfied

    e. Highly Dissatisfied

12) How do you feel in working under the shift-based system?

    a. More Convenient
    b. Convenient
    c. Neutral
    d. Inconvenient
    e. More Inconvenient

13) How far your knowledge/skills that you have acquired are being utilized in your current job?
    a) Very often
    b) Often
    c) Sometimes
    d) Rarely
    e) Not at all

14) How far are you affected with your health condition in working under the
    Shift based system ?
    a) Highly affected
    b) Affected to some extent
    c) Neutral
    d) Not affected
    e) Feeling comfortable

15) Opinion about your working hours
    a) Very Comfortable
    b) Comfortable
    c) Neutral
    d) Strenuous
    e) Highly Strenuous.

Scaling Model

    1. Highly
    2. Satisfied
    3. Neutral
    4. Dissatisfied
    5. Highly Dissatisfied