

Retention of BPO Employees in India

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Abstract

Changes in business conditions, demographics and globalization have created new opportunities for the HR function. These changes have raised the need to understand and manage the dynamics of talent, from sourcing to resource management to recognition systems. To prosper in this new environment, HR professionals need to take a more strategic perspective on their services and capabilities. Simply being effective in dealing with administrative issues is no longer the yardstick by which the value of the HR function will be evaluated. Rather, value will lie in using a fact-based, analytic approach to solve problem of retention of employees of BPO in India. This is responsibility of management to provide a longer, more futuristic viewpoint regarding how the business needs to adjust to environmental changes.

Employee retention matters, as, organizational issues such as training time and investment, costly candidate search etc., are involved. Hence, failing to retain a key employee is a costly proposition for any organization. Various estimates suggest that losing a middle manager in most organizations, translates to a loss of up to five times his salary. This might be worse for BPO companies where fresh talent is intensively trained and inducted and then further groomed to the successive stages.

The HR strategy should evolve from a transactional support role to partnering in the organizations business strategy. HR must take steps to be aware of employee problems and try to solve them, creatively for BPOs in India.

Keywords: BPO: Business Process Outsourcing, HR: Human Resource, Employee Retention

1.0 Introduction:

Employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic. However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce.

Changes in business conditions, demographics and globalization have created new opportunities for the HR function. These changes have raised the need to understand and manage the dynamics of talent, from sourcing to resource management to recognition systems. The globally prevailing practices of LPG (liberalization, privatization and globalization) have escalated the level of competition in the market. Increasing competitiveness had a dual impact on organizational stability .First, the market demanded better quality products; and second, succumbing to market pressure, companies had to reduce prices, which means higher operational cost or depleting profit reserves.

Fundamental changes are taking place in the work force and the workplace that promise to radically alter the way companies relate to their employees. Hiring and retaining good employees have become the chief concerns of nearly every company in every industry. Companies that understand what their employees want and need in the workplace and make a strategic decision to proactively fulfill those needs will become the dominant players in their respective markets. The fierce competition for qualified workers results from a number of workplace trends, including:

- Paradigm Shift in how people view their careers
- Changes in the unspoken "contract" between employer and employee
- Corporate cocooning

- A new generation of workers
- Changes in social values
- Life balance
- Robust economy

1.1 BPO: Business Process Outsourcing

Outsourcing is not a new concept. It has been practiced by MNCs for decades, but is the latest phenomenon to grip India. BPO is increasingly becoming the strategic choice of companies looking to achieve cost reductions while improving their service quality, increasing shareholder value and focusing on their core business capabilities.

As organizations around the world strive to improve the quality of their processes while managing their bottom lines, business process outsourcing (BPO) has become the new imperative. The collapse of the dot com bubble and economic recession changed business practices at the turn of the century.

1.2 Review of Literature:

The BPO industry operations in India have been the pioneer of outsourcing in the global business scenario. Foreign companies have been dependent on the Indian BPO industry due to its English capabilities and quality work carried out at low cost. In the past two decades, this industry has evolved into a formidable force with successful operations conducted in various domains. (Steve 2013). Propensity of leaving BPO is very high and chances to climb up the corporate ladder is bleak. Only a few very get promoted to the cadre of team leader and as soon as promotions are announced the many of frustrated employees quit (Shelley Singh & Mitu Jayashankar, 2002).

2.0 Methodology:

Keeping in mind, contemporary relevance of retention management of employees, following objectives were framed.

2.1 Objectives

1. To find out the reasons of attrition of BPO employees in India
2. To identify best practices and various facets regarding retention of employees of BPO in India
3. To suggest the strategies of retention of employees in BPO Sector in India.

2.2 Research Design:

The researcher had adopted a qualitative case study research design . A qualitative case study is characterized by the researcher spending substantial time on site, personally in contact with activities or operations of the case, and reflecting and revising meanings of what is going on.

2.3 Data Collection: Multiple methods of data collection have been used in the study as followings

1. In depth interviews have been conducted with HR officials at various levels and an Interview Guide used for employees.
2. Secondary sources such as archival records and documents

2.4 Sampling: In this research, three cases have been selected to enhance the depth of comparability and quality of data collected. Within these cases, employee were selected for interviews based on the following principles (Miles and Huber man, 1988).The people interviewed for the study were officials of the HR department, who are

directly responsible for or involved in the employee retention in the BPO sector. The cases were selected on the basis of work they carry out and their history.

2.5 Limitations of the study:

1. This study is limited to three BPO of NCR, India.
2. Few Managers were interviewed informally.
3. It is qualitative study does not offer much data.

2.6 Data Analysis: The analytical focus is on the overall pattern of variables within a case, where the researcher looks at parts in relationship to the whole. Inter-relationships among variables within each case study first, and then compared across for similarities and pattern.

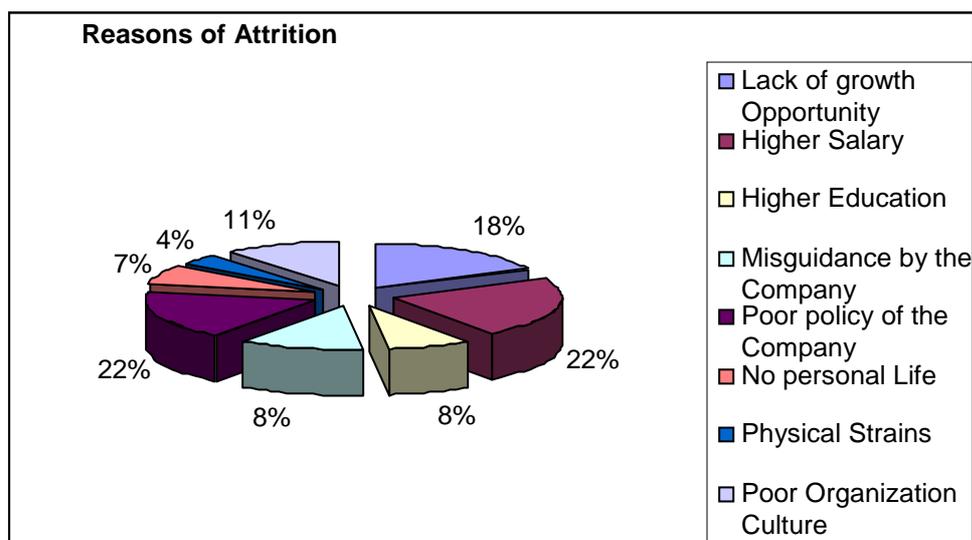
3.0 Findings:

3.1 Profile of Companies:(NCR, Gurgaon, New Delhi & Noida)

SN	Company A:	Company B:	Company C :
1	Business Research for Banking Industry	Contact Center / Customer Care	Accounting & Finance
2	Data Capture & Processing	Document Management	B2B Lead Generation
3	Market Research	Technical Support / IT Helpdesk	Banking
4	Telecom Sector		Chat Support
5			Email Support
6			Insurance

Questionnaire was framed for this study. Questionnaire has 10 questions. Findings of the major questions are as followings:

3.2 Reasons of Attrition:



(Diagram 1: Reasons for attrition)

Two major reasons of high attrition in sampled BPO was higher salary and poor policy of the company (22%) and another significant reason of attrition is lack of growth opportunity in BPO (18%)

The company A, B and C are not very different in terms of employability, nature of work and career progression but they are certainly segregated in terms of their scale of operation and HR practices to curb the attrition. After thorough deliberations with supervisors and managers, it has been found that there is no clear benchmark available in the BPO industry to compare its attrition rate. This is because of the fact that the formula used to measure attrition differs significantly. Researcher believes that retaining employees in all case organization is a demanding exercise, as various intangible factors play a big role. Every organization under the case study has been trying to adopt similar strategies and policies in areas like employee engagement, career planning, new target population and areas of recruitment, building organization culture etc to improve retention rates.

On the basis of case studies done, researcher has tried to point out certain contrasting factors which are the real progenitors of the attrition and hence unknowingly designing poor retention strategies too. The given table1 has listed out some of the key factors which are some other intangible factors play big role in designing retention strategies.

Table 1: Factors impacting retention of high performing employees	
Vision	Do individuals see a purpose in what they are doing?
Opportunity	Do individuals see the opportunity to advance and be recognized for their work?
Incentive	Do individuals believe they receive equitable financial and non-financial rewards?
Impact	Do individuals see how their work affects the organization?
Community	Do individuals have a social connection to others in the work environment?
Communication	Do individuals have access to information to do their jobs more effectively?
Work flexibility	Do individuals have flexibility in terms of how, where and when they perform their jobs?

Apart from these intangible factors, the researcher has tried to find contrast in existing tangible factors in each company under the case study. **Compensation being important factor for attrition** globally, hence, each company here has been designing their reward system efficient and attractive and they are also doing compensation survey and benchmarking to upgrade their reward system. Each company under case study has taken **career planning as a serious lacuna. Non-compensation related issues are playing bigger role in attrition.**

4.0 Recommendations: There are few recommendations for retaining the employees of BPO in India.

4.1 Communicate your care and expectation clearly.

4.2 Proper Rewarding

- (a) Build a high degree of recognition value into every reward you offer
 - (b) Reduce entitlements and link as many rewards as possible to performance
 - (c) Troubleshoot your reward system to make sure that what it is rewarding is what you really want to happen
 - (d) Reward promptly
 - (e) Give employees a choice of rewards
 - (f) Increase the longevity of your rewards
- 4.3 Development of a profile of the ideal candidate
- 4.4 Organization should improve the selection process
- 4.5 Organization should invest in employee orientation
- 4.6 Organization should give due importance to work-life balance
- 4.7 Organization focus on people development
- 4.8 Quality of supervision
- 4.9 Environment for employees for expressing themselves

5.0 Conclusion: In an industry like BPO, the work can often be monotonous and opportunities for career growth minimal. So when opportunities beckon, the high rate of attrition is not surprising. However, there are some common reasons that especially cause people to leave. Surveys have listed night shifts, money, inability to handle various types of stress, monotonous work; company policies, lack of career growth, problems with those in senior positions etc. Under these circumstances, Human Resource professionals have to take a proactive role so that they can understand various complexities of human nature, which may lead to attrition. But understanding human nature and complexities is not very easy. Hence I strongly believe, the new age BPO organization should focus on developing a job profile and then try to match with a candidate's profile at the time of recruitment so that suitable candidates can be selected. Apart from this, employee and work related policies should be customized on a certain period, as to match up and create balance between the changing human complexities and work environment.

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Annexure1: Questions asked in Interview

Q1: No. of Employee in the BPO:

Q2: Employment Type (Full Time and Part Time):

Q3: Is employee retention a problem in your BPO?

Q4: Why are employee leaving job in your BPO?

Q5: What are the major factors(s) which you think contribute at the highest in attrition in your organization?

Q6: Do you benchmark your retention practices with the industry through any survey? If yes, then how often?

Q7: How do your retention strategies have helped in minimizing attrition in your BPO?

Q8: Can you explain in detail about status quo of these initiatives in your organization:

- Employee career planning and development
- Employee Engagement initiatives
- Rewards and recognition schemes
- Job characteristic and job satisfaction
- Employee welfare
- Grievance handling
- Recruitment and induction process
- Talent management
- Employee participation in management

Q9: What are various challenges faced by the HR professionals in the company while strategizing new initiatives for the retention?

Q10: Suggest for developing a comprehensive retention model for the BPO industry in India based on your experience.

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