



NINE ELEMENTS THAT TRIGGER EMPLOYEE ATTRITION – A STUDY ON BPO'S VISAKHAPATNAM

T. Narayana Rao¹, T. Subbarayudu²

¹Assistant professor, Department of management studies
MVGR College of Engineering (Autonomous)

(Approved by AICTE, New Delhi & Affiliated to JNT University, Kakinada), Andhra Pradesh,

²Professor, Department of Human resources Management Andhra University

ABSTRACT:

The Business Process Outsourcing (BPO) industry in India is progressing with an incomparable speed. Despite its significant growth and brilliant prospect, the BPO industry has experienced high attrition rates since its very beginning. Expansions and progress in global telecommunications set-up the establishment of a relatively new brand of services termed as the Information Technology Enabled Services (ITES). Because of modernization, huge demands for various products and services are increasing day by day, there is an extensive opportunity's for customers care executive jobs. District like Visakhapatnam is booming for new avenues for wide varieties of investments in different sectors. After the state bifurcation and diverse global investments are creating more opportunity for technology-enabled services. Telecommunication service is creating huge employment opportunities for youngsters and many young people are turning towards to grab these jobs which creates huge job opportunities for them. There is a lot of research has taken place to arrest the attrition rates in BPO's in this research paper we are focused on factors to identify the root causes of attrition in BPO's Visakhapatnam.

Keywords: Attrition, Employee turnover, Health issues in BPO, Stress, ITES-BPO

1.1 OBJECTIVE OF THE STUDY

To study and understand the problem of attrition in selected BPO's Visakhapatnam and to know the root causes which influence on high attrition.

1.2 STATEMENT OF THE PROBLEM

BPO industry in India has shown a significant growth which is very high in terms of revenue generation. District like Visakhapatnam is booming in terms of providing major outsourcing service that elevates new jobs for young generation, and in the same way the attrition rates in these outsourcing jobs are touching the sky. After observing the severities of the problem and the source available in secondary data the study undertaken will directly contribute to the existing issues of employee attrition.

1.3 NEED FOR THE STUDY:

The attrition rate has risen drastically to 55% during the last few months with a significant movement in middle and senior management levels, according to a recent report by the Associated Chambers of Commerce and Industry of India (ASSOCHAM). According to the study, the BPO-ITES sector has emerged as having the highest attrition rate of 65% during the last two years, giving a serious jolt to India's prospects as the most sought-after BPO destination in the world. This study analyses and forecast the attrition rate at BPO in detail. The study helps to identify the attrition in BPO Industries at Visakhapatnam and also find out the reasons for high attrition. The study suggests the strategies to be followed in the organization to retain the talented workforce for a long period.

1.4 RESEARCH METHODOLOGY:

SOURCES OF DATA: The present study made use of secondary sources of data. The sources of secondary data include reports from

NASSCOM, and the reports from BPOs under study.

2.0 INTRODUCTION:

The Indian Information Technology (IT) and Information Technology Enabled Services (ITES) industry has been one of the great success stories of modern India. An industry that did exist barely 2 decades ago is now the toast of the nation and the envy of the world. It is arguably the most global of any Indian industry and has created international benchmarks for quality, proving to the world and to ourselves that Indian companies can compete globally and win on quality (Nasscom-Deloitte Study, 2008). India is at the forefront of the rapidly evolving Business Process Outsourcing (BPO) market and is well established as a 'destination of choice' among global outsourcers. Over the past decade, Indian BPO industry has grown exponentially in size and has significantly matured in export service delivering capability and footprint. The outsourcing sector is currently valued at \$72.8 billion in 2016. India has been a particular beneficiary of IT and Business Process Outsourcing and accounts for 65 percent of Global IT and 46 percent of ITES off shoring market. The Indian IT and ITES sector has been growing and has achieved a revenue increase of tenfold from \$4.8 billion in 1998 to 47.8 billion by 2007. The overall contribution of the Outsourcing industry to India's GDP is still relatively small accounting for only 5.4 percent of GDP in 2006-2007, but projections suggest a figure of 12.3 percent by 2012. The liberalization of the Indian Telecom sector in 1994 gave an unexpected boost to the ITES/BPO industry. India has turned into a hot destination for global offshore outsourcing companies. The shift of the Indian economy towards more service orientation suggests that in the long term, India will continue to be a major player in the global BPO industry. The number of people directly employed stood at 1.6 million in 2006-07 and it is projected to be 5 million by 2012 and indirect employment includes about 1.2 million jobs in ancillary services like transportation, catering, infrastructure, etc. (Nasscom Strategic Review, 2007).

2.1 ROOTS OF BPO INDUSTRY:

Historically, the idea of outsourcing has its roots in the 'competitive advantage' theory propagated by Adam Smith in the wealth of nations

published in 1776. The origin of the BPO industry in India goes back to the mid-1980's. Several European airlines started using New Delhi as a base for their back office operations, British Airways (BA) being one of them. The BA captive was finally spun off as a separate organization called WNS, which is today one of the largest third-party BPO player in the banking, finance, security and insurance (BFSI) and travel sectors. In the second half of the 1980's, AMEX consolidated its Japan-Asia Pacific (JAPAC) back office operation in New Delhi. This center was headed by Raman Roy and several leading name of the BPO industry have been associated with it at some point in their careers. GE and the vision of Jack Welch has been one of the key drivers of the global outsourcing industry. Jack proposed that seventy per cent of all IT/BPO work in GE had to be outsourced. Out of this 70 per cent had to be outsourced to developing countries and 70 per cent of this had to be outsourced to India. This philosophy has been followed in spirit and in action. GE's success has led to other companies emulating it (Anand kumar V and Subhasish Biswas, 2008).

3.0 REVIEW OF LITERATURE:

3.1 Kariuki Elizabeth Wambui (2012) has found the factors that fairly influence turnover were unmet expectations about the job, lack of satisfaction with the job, lack of recognition for work done, lack of flexibility in the job, involvement in the job among others lack of supervisory support, poor working environment, job stress, lack of a clear job description, workload, work life balance, poor managerial style, lack of equal pay for equal work done, pay and benefits in the organization, training and development opportunities, level of education, presence of external opportunity, macroeconomic environment and globalization. The author recommends the management of SDV Transami to ensure clear job descriptions for their employees, the management of SDV Transami can train its supervisors and managers on promoting work-life balance without affecting the operations and look into their performance management and craft compensation packages that are considered competitive in order to retain its talented workers.

3.2 Tobias Kraemer and Matthias H.J. Gauthier (2012) have investigated the causes of the troublingly high rates of voluntary turnover in call centers, but empirical studies on work emotions are scarce. Some exploratory studies indicate emotions could help explain turnover intentions, though the few studies that examine work emotions offer limited scopes with few practical implications. Therefore, the authors have integrated anger and pride, two of the most frequently experienced work emotions, in a comprehensive model that is based on the job demands–resources model and affective events theory, to illustrate how emotions emerge and affect turnover intentions. For applying this framework, a diary-based exploratory study identifies offensive behavior and performance acknowledgment as decisive events that cause anger and pride, respectively.

3.3 Vibha Gupta (2013) has concluded that the employees need manageable workloads, support and recognition from their co-workers and management, and opportunities for growth and innovation. The study identified that approximately 30% of the staff are leaving the organization due to further studies & existing educational commitments, within next 1 year. Prioritizing ways to retain new staff will become increasingly important to assure that the organization does not lose more of its human capital and with it, its ability to serve those in need. Next prime important factor is Organizational culture, and author suggests that if culture or working environment would be good organization then it is easy to control attrition in organization.

3.4 Savneet Kaur (2013) has concluded that there's no universal attrition management solution for every company. Each organization has to build its own motivation system based on compatibility between organizational and individual goals. The author suggests that the companies should adopt remedial measures like giving job description at the recruitment stage, offer skill testing, employees should have a say in the organization, Hold exit interviews & regular review sessions etc., and should retain their efficient employees for as they can. Along with the subordinates, the supervisors also need to be trained to control and retain their junior.

3.5 Janani (2014) has concluded that that most of the IT companies even the top most companies are facing turnover due to many factors. The most important of all is compensation, because plenty of opportunities are there in the market for experienced, well qualified employees if they switch over to other companies and they will pay more. There are many push, pull and personal factors are involved and initiating the thought of turnover among employees. IT companies should be alert and frame some necessary strategies to reduce attrition so that they can reduce the expenditure of employees for recruitment, training and development.

3.6 Vidya Sunil Kadam and Thakar (2014) has identified that those having average age of 24-28 years and the experience between 2 to 4 years are having higher percentage of attrition. The author also concluded that the attrition rate was increased because of dissatisfaction with pay, lack of career advancement, compensation & boss relation.

3.7 Pietersen and Oni (2014) have identified that a high overall employee turnover rate and high turnover are among younger employees, females and employees in specific job categories. Job dissatisfaction in the department is attributed to poor compensation and better job offers elsewhere, inferior working conditions, and a lack of promotional opportunities. Low job satisfaction is attributed to problematic interpersonal relationships and the autocratic management style of supervisors. The findings of the study provides evidence of the most pressing turnover problems that a government department in a less affluent geographic region.

4.0 EMPLOYEE ATTRITION:

4.1 DEFINITION OF EMPLOYEE ATTRITION AND ATTRITION RATE

Attrition is defined as a gradual, natural reduction in membership or personnel due to reasons like retirement, resignation or death (source: <http://www.bpo.org/attritionin> Indian BPO industry)

4.2 ATTRITION RATE: “The rate of shrinkage in size or number”. There are numerous reasons for the attrition to be high which can be categorized into two broad classifications. The first can be coined as “Drive Attrition” which is caused due to employer; the second one can be

termed as “Drag Attrition” which is caused due to the employee. The attrition rate has always been a sensitive issue for all organizations. Calculating employee turnover rate is not that simple as it seems to be. No common formula can be used by all the organizations. A formula had to be devised keeping in view the nature of the business and different job functions. Calculating attrition rate is not only about devising a mathematical formula. It also has to take into account the root of the problem by going back to the hiring stage.

4.3 Calculation of Attrition Rate: Attrition rates can be calculated using simple formula:

$$\text{Attrition} = (\text{No. of employees who left in the year} \times 100 / \text{average employees in the year that is actual employees} + \text{employee new joined})$$
 Thus, if the company had 1,000 employees in April 2015, 2,000 in March 2006, and 300 quit in the year, then the average employee strength is 1,500 and attrition is $100 \times (300 / 1,500) = 20\%$. Besides this, there are various other types of attrition that should be taken into account.

4.4 ATTRITION RATES:

Country	Attrition rate (%)
US	42%
Australia	29%
Europe	42%
India	18%
Global average attrition	42%

Source: The concept of BPO- book business process outsourcing, S Nakkiran & D John franklin

5.0 NINE ELEMENTS THAT TRIGGER EMPLOYEE ATTRITION:

5.1 IMPROPER RECOGNITION OF WORK:

Employee recognition is the timely, informal or formal acknowledgement of a person's or team's behavior, effort or business result that supports the organization's goals and values, and which has clearly been beyond normal expectations. Employee self-esteem and commitment is increases the way we treat employees in the organization proper recognition and rewards always place a key role in retaining those productive employees.

5.2 HEALTH HAZARDS FOR CONTINUOUS PHONE:

After uninterrupted analysis and many source of secondary data's and very few personal interactions with the executives of employee's among the major problems found in BPO employees are.

1. Tumors, in particular, Gliomas
2. Dry Eye
3. Muscle problems
4. Work stress
5. Back pain for women

5.3 MENTAL STRAIN DUE TO CONTINUOUS ARGUMENTS WITH THE CUSTOMERS:

Business process outsourcing the duties of these employees jobs are continues receiving call form the customers and to clear their query's because of continues phone conversations with the customers at the end of the day they may have mental strain due to continuous phone conversations.

5.4 WORK LIFE IMBALANCE:

Business Process Outsourcing (BPO) industry in India in particular. In light of the work organizations in BPOs and resulting outcome that employees in their daily efforts within the industry, the significance of the issue of work-life balance should be stressed. Moreover, the conflict between work demands vis-à-vis personal and family needs is needed to be researched in order to have sufficient institutional support to the employer. Analysis of literature and available data reveals that many employees are facing problems in adjusting their family life and personal life with their Organizational workload.

5.5 MONOTONOUS WORK:

The employees of BPO's are faced with lots of difficulties. The jobs in call centers are monotonous in voice and non-voice BPO's it is stressful and it comes to the point presenting a good behavior to the customers therefore the irate employees are fighting monotonous job make it less attractive. In ordered to come out from these problems Organizations have to provide job rotation and assigning different jobs to come out from this work.

5.6 LACK OF CAREER GROWTH AND OPPORTUNITY:

Many employees in the BPO's are addressing the issue of career opportunities in these sector are very less because work is monotonous and career growth is very less. So majority of the youngsters they work for the sake of their monthly earnings and they are searching for better job which can give better career opportunities to them. So providing decent salaries and empowering with different job positions may have a chance for their career growth aspects.

5.7 SALARY AND WORKING CONDITIONS:

According to the data (Secondary) majority of respondents have joined the union to fight for better pay and salary packages. There is a lot of risk for employees who travel at night, especially women. A lot of "risk of safety" cases have come up in recent times and as such, employee security is one of the major work areas for the union. Also, there is a demand for higher salaries as employees feel that the health and security risk associated with the job is much higher than any other industry.

5.8 MEETING TARGETS:

Majority of the employees believes that the targets set for them are unreasonable. Failures to meet their targets do not only affect their career graphs but also creates frustration.

5.9 JOB SECURITY AND GROWTH:

The average tenure of an employee in a call center is approximately 1.5 years. It is probably because the employees do not find too many career growth opportunities in the industry. Moreover, there is a lack of job security which was restated by the recent layoffs. Lot of employees expects the union to take up the problem of job security and growth with the senior management.

CONCLUSION:

Every organization is comprised of people. Acquiring their services, developing their skills, motivating them to high levels of performance, and ensuring that they maintain their commitment to the organization are essential to achieving organizational objectives. Business Process Outsourcing, commonly known as BPO, is one of the organization is comprised of huge manpower. The Indian BPO industry has grown

at a constant annual rate of 40-50 per cent and within a couple of years, India managed to secure the position of the most preferred and low cost destination for business process outsourcing. Ironically, in spite of the tremendous growth potential of the sector, attrition rate and the manpower crisis is dampening the growth of the sector. The HR professionals of the BPO industry are facing various challenges like the attrition rates and its implications, skill shortages, retaining the employees etc. The study reveals that in order to reduce attrition industry should analysis the above nine dimensions which creates more intentions of creating high attrition in the arena of BPO sector.

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