

ATTRITION A SERIOUS CAUSE IN BPO SECTOR AN EMPIRICAL STUDY CONFINE TO VISAKHAPATNAM DISTRICT ANDHRA PRADESH

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ABSTRACT

Business process outsourcing (BPO) offered opportunities for employment to a large number of persons with diverse skill sets in India. The industry is plagued by high employee attrition it gives sleepless nights to Human Resources managers (HR). However most BPO organizations are suffer with high attrition. It reflects on company's internal strength and weaknesses and Company's ability. BPO Organization also faces difficulties in retaining the existing employees as well as attracting prospective new employees. This study is conducted to find out the predominate factors that causes high employee attrition in BPO sector and to find out the ways to control attrition. This study was carried out in BPO companies in Visakhapatnam district. In this study opinion of 100 employees were taken for the analysis.

Keyword: Attrition, Retention, Employee Problems, Outsourcing, Work Life Balance IT And ITES

I. OBJECTIVE OF THE STUDY

1. To study the attrition problem in BPO Industries.
2. To identify the predominant factors that causes high attrition.
3. To propose remedial measures to control the attrition.

1.1 Hypothesis of the Study

H1: There is a significant relation between Stress and its implications for job performance

H2: Attrition rate is high among female employees rather than male employees.

H3: There is a significant relation between employee health and attrition rate.

1.2 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.

1.3 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 Information Technology enabled Services (ITES) – BPO's Company in Visakhapatnam to find out the major reasons for attrition and strategies to retain employees. The significance of the study lies in the detonation of the BPO industry in the recent years. Where on one hand the sector is growing with leaps and bounds, on the other the employee turnover has been alarmingly high, thus costing a lot to the company. The middle level and low level employees are victims of dearth of motivation and employee satisfaction also seems to be brandishing. The study is an attempt to assess the patterns of attrition in BPO and analyze the relationship among employee motivations, job satisfaction and employee retention, so as to utilize employee motivation to retain employees in an organization. Thus, not only is it significant for academicians but also for professionals who can exploit it to control the employee turnover.

1.4 Research Methodology

SAMPLE DESIGN: 100 employees of different BPO organizations in Visakhapatnam were selected for the purpose of the study.

SOURCES OF DATA: The present study made use of both primary and secondary sources of data. The sources of secondary data include reports from NASSCOM, and the reports from BPOs under study. The primary data were collected directly from the respondents by administering a pre designed questionnaire/ schedule.

II. INTRODUCTION

Companies in India as well as in other countries face a formidable challenge of recruiting and retaining talents while at the same time having to manage talent loss through attrition be that due to industry downturns or through voluntary individual turnover. Losing talents and employees result in performance losses which can have long term negative effect on companies especially if the departing talent leaves gaps in its execution capability and human resource functioning which not only includes lost productivity but also possibly loss of work team harmony and social goodwill. With attrition rates being a bane of every industry, companies are devising innovative business models for effective retention of talent. There are a lot of factors responsible for attrition and employers are getting increasingly conscious of the factors that can keep an employee committed. Attrition may be defined as gradual reduction in membership or personnel as through retirement, resignation or death. In other words, attrition can be defined as the number of employees leaving the organization which includes both voluntary and involuntary separation. The employee gradually reduces his/her ties with the company than crib about the underlying factors causing attrition. It is symptomatic of a much deeper malaise that cuts deeper into the innards of organizations. Attrition rates vary from sector and industry to industry. Apart from the unavoidable ones like resignation, retirement, death or disability, the causes are found to be many and

varied. They vary according to the nature of business, the level of the employees and the nature of the responsibility shouldered by them. Another important reason is that the employee's remuneration is not big enough to bear the brunt and cushion the concussions of his family and social life. Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problem that plague companies in the competitive marketplace. Business process outsourcing is a management process in the globalized business context that has been well understood tried and tested by successful organizations across the world. Even in the face of stiff competition from other locations, India retains its position as the world's leading global sourcing destination for IT BPO services As per the National Association of Software and Services Companies (NASSCOM) in FY15, the Indian IT-BPM (Information Technology-Business Process Management) industry is estimated to account for revenues of USD 146 bn, growing by 13% YoY in constant currency terms. Industry exports are expected to be over USD 98 bn growing at 12.3% YoY (reported currency), while the domestic segment, which has benefited from the inclusion of ecommerce and mobile app industry, is estimated to touch USD 48 bn. (This is against the 13-15% estimate that Nasscom had put out in February last year). IT Sector is expected to contribute to 9.5% of the GDP in FY15, against 8% of GDP in FY14.

III. REVIEW OF LITERATURE

3.1 In India the BPO sector is one of the fastest growing sectors contributing major share to our Gross Domestic Product. Factors such as economy of scale, cost advantage and superior competency have all lead to the growth of the BPO Industry in India. The BPO Boom in India can be credited to cheap labor cost, huge talent pool of skilled and English Speaking professionals availability. The Report of NASSCOM has revealed that the geographic location and investor friendly tax structure in India have all made the one of the shining sectors and popular. This poses a great challenge for Human Resource Professionals to retain the talented and skilled workforce and maintaining a consistency in the performance. HR manager has been facing various problems in general and retaining quality staff in general. identifying the various factors that lead to employee attrition and explaining the importance of sound organizational policies. Challenges for hr managers to retain the employees working in BPO industry IRACST – international journal of commerce, business and management (IJCBM), ISSN: 2319–2828 vol. 3, no. 2, APRIL 2014

3.2 Alka Raghunath Dr. Murli Dhar Panga BPO is one of the popular business practices in today's competitive environment. India has enormous opportunities emerging from globalization and consequent lowering of tariff barriers. The Indian BPO industry is constantly growing. However, along with the Phenomena Increase in BPO to India there has been a backlash against outsourcing. Information Technology has given India formidable brand equity in the global markets. Indian BPO companies have a unique distinction of providing efficient business solutions with cost and quality as an advantage by using state of art technology. In this research paper they explains about overview of BPO industry in India comparative strength, weakness, opportunities and threats Indian BPO industry. Problem and Prospects of Indian BPO Sector ISSN: 2277-4637 (Online) | ISSN: 2231-5470 (Print) Opinion Vol. 3, No. 1, June 2013.

3.3 The broad objective of this research is to identify the root causes of attrition and retention in BPOs, analyzing the level of employee motivation, satisfaction and involvement, generate a model for maximizing

sustenance of employees in the organization and come up with concrete recommendations, which will eventually be valuable to the organizations to retain their employees for a long term. Attrition and retention of employees in BPO sector Online International Interdisciplinary Research Journal, {Bi-Monthly}, ISSN2249-9598, Volume-III, Issue-VI, Nov-Dec2013

3.4 Vibha Gupta¹ (2013) opines that attrition is very dangerous word now a days for any organization those are working like BPO's, because staff attrition (or turnover) and absenteeism represents significant costs to most organizations. It is odd, therefore, that many organizations neither measure such costs nor have targets or plans to reduce them. However, it seems to be one of the areas in which HR can make a difference and one that can be measured in quantifiable, financial terms against targets. The study is focused on recruitment and retention challenges that the IT/BPO industry currently faces and to examine ways to reduce high turnover rates among first year Employees in the leading Domestic Call Center based in Indore. According to the Department of Human Resources (M Source BPO, Indore), turnover rates for permanent Agents/Executives were 15.6% in 2009 and 35% in 2012. Department of Human Resources which also tracks attrition of temporary employees measured the turnover rate for temporary employees to be 77% in 2012. The monetary cost of such high turnover is enormous.

3.5 B. Latha² (2013) has conducted the study to find out the reasons behind the increase in attrition rate in BPO sector and to find out the ways of retention strategies. It is found that the most of the employees working BPO sectors are expecting better salaries, job security, flexi working hours and compatible policies. So organizations should concentrate on these matters to retain the employees.

3.6 Priti Suman Mishra has observed that keeping people is arguably the most challenging aspect of running a business today. The answer lies in the fact that there is no one set of answers. People are different, so their reasons for doing anything are different. Our study reveals that while salaries, perks. Challenges, designations, foreign assignments may drive people for some time; most of the people also seek stability for themselves. Therefore, an HR manager needs to identify and create systems and processes that will retain employees. In order to be able to implement effective retention strategies the first step should be to understand the scope of the retention problem that is unique to one's organization. The target group, which is crucial to the company's operations and success, should be identified and the strategies are directed appropriately. It is a paradox that the companies which invest heavily in recruitment and development and make a good job at that, are level to more risk of boil. A sound sensing and tracking system to assess the volume and causes of attrition by performance level could be useful. The ability to identify good performers, who are flat to leave for any job or management, related issues and timely intervention to address these issues, could be effectively find solutions Priti Suman Mishra "Increasing rate of attrition in BPO" Management and labor studies Vol. 32 No. 1, February 2010.

3.7 Deepa,³ (2012) The objective of this article is to find the level of job satisfaction, safety measures, retaining the employees, working conditions & work load and its reason for Employees Turnover in IT Industries. The employee turnover springs up as a vital issue in IT businesses. The researchers had taken 250 respondents as their sample size from universe and descriptive research design was adopted. This research study uses various methods to analyze the reasons and causes for employee turnover in IT businesses. The tools used are Chi-square analysis, weighted average method, T-test and F-test. Based on the analysis and interpretation, it is

inferred that the IT Industry has to implement the Retention Plan by compensation Policies, Changes in work Requirements & improvement in working conditions.

IV. DEFINITION OF BPO

Business process outsourcing (BPO) is the contracting of a specific business task, such as payroll, to a third-party service provider. Usually, BPO is implemented as a cost-saving measure for tasks that a company requires but does not depend upon to maintain their position in the marketplace. BPO is often divided into two categories: back office outsourcing which includes internal business functions such as billing or purchasing, and front office outsourcing which includes customer-related services such as marketing or tech support.

4.1 Bpo Sector in India

BPO in India became familiar with, Business Process Outsourcing only in the early and mid 1990's, but now the entire country seems to be quivering with the BPO fever'. In spite of its fresh arrival on the Indian picture, the industry has grown-up and become a very significant part of the export oriented IT services and services model. While it originally began as a facility targeted at multinational companies, today it has developed into a broad based business stage backed by leading Indian IT software and service organizations and third party service providers. The foreign direct investment (FDI) in the country owes a lot to this sector, which is progressing at a break-neck speed. The different kinds of services offered by BPO's include Customer Support, Technical Support, Telemarketing, Insurance Processing, Data Processing, and Internet/Online/Web Research and so on.

4.2 Bpo Cheap Labor Cost

The cheap labor costs and the pool of skilled, English-speaking Indians have always been the two foremost factors contributing to the BPO boom in the country. As the National Association of Software Services and Companies (NASSCOM) points out, the other equally motivating factors include strong quality orientation among players, ability to offer round-the-clock services based on the country's unique geographic location, positive policy environment which encourages investments and a friendly tax structure, which places the ITES/BPO industry on almost equal footing with IT services companies.

4.3 Services Offered by Indian Bpo Companies

Indian BPO companies offer varied services, such as, customer support, technical support, telemarketing, insurance processing, data processing, forms processing, bookkeeping and internet / online / web research.

1. Customer support services: 24/7 inbound / outbound call center services that address customer queries and concerns through phone, email and live chat.
2. Technical support services: Installation, product support, running support, troubleshooting, usage support and problem resolution for computer software, hardware, peripherals and internet infrastructure.
3. Telemarketing services: Interacting with potential customers and creating interest for the customer's services/ products. Up-selling, promoting and cross selling to existing customers and completing online sales processes.

4. IT help desk services: Level 1 and 2 multi-channel support, system problem resolutions, technical problem resolution, office productivity tools support, answering product usage queries and performing remote diagnostics.
5. Insurance processing: New business acquisition and promotion, claims processing, policy maintenance and policy management.
6. Data entry and data processing: Data entry from paper, books, images, e-books, yellow pages, web sites, business cards, printed documents, software applications, receipts, bills, catalogs and mailing lists.
7. Data conversion services: Data conversion for databases, word processors, spreadsheets and software applications. Data conversion of raw data into PDF, HTML, Word or Acrobat formats.
8. Bookkeeping and accounting services: Maintenance of the customer's general ledger, accounts receivables, accounts payables, financial statements, bank reconciliations and assets / equipment ledgers.
9. Form processing services: Online form processing, payroll processing, medical billing, insurance claim forms processing and medical forms processing.
10. Online research: Internet search, product research, market research, surveys, analysis, web research and mailing list research.

4.3 Facts about the Indian Bpo Industry

1. The BPO sector in India is estimated to have reached a 54 per cent growth in revenue
2. The demand for Indian BPO services has been growing at an annual growth rate of 50%
3. The BPO industry in India has provided jobs for over 74,400 Indians. This number is continuing to grow on a yearly basis. The Indian BPO sector is soon to employ over 1.1 million Indians
4. 70% of India's BPO industry's revenue is from contact centers, 20% from data entry work and the remaining 10% from information technology related work
5. Indian BPOs handle 56% of the world's business process outsourcing
6. The Indian BPO industry, which provides millions of jobs, is embracing employee-friendly policies such as job enrichment and innovative pay structures to arrest high attrition levels, say HR experts. Going by estimates, attrition levels in this industry is in the 30%-55% range.
7. Attrition levels in the BPO industry is much higher compared to many other industries and today we see this rate tottering around 50-55.
8. Job enrichment/enhancements, training programs and innovative pay structures are being offered. Employee benefits have enhanced and some of the BPOs are offering an offshore assignment which is acting as a motivation for many.
9. In the last five years, India has lost one million jobs in the customer contact business to countries like the Philippines. Over 40,000 jobs were lost to Egypt itself from 2008-2013," it said. As per the consulting firm, India's BPO/KPO sector employs a workforce of 1.98 million directly and 7.5 million indirectly. One of the reasons cited for BPO jobs moving away to foreign shores such as Philippines is rise in Indian salary levels.

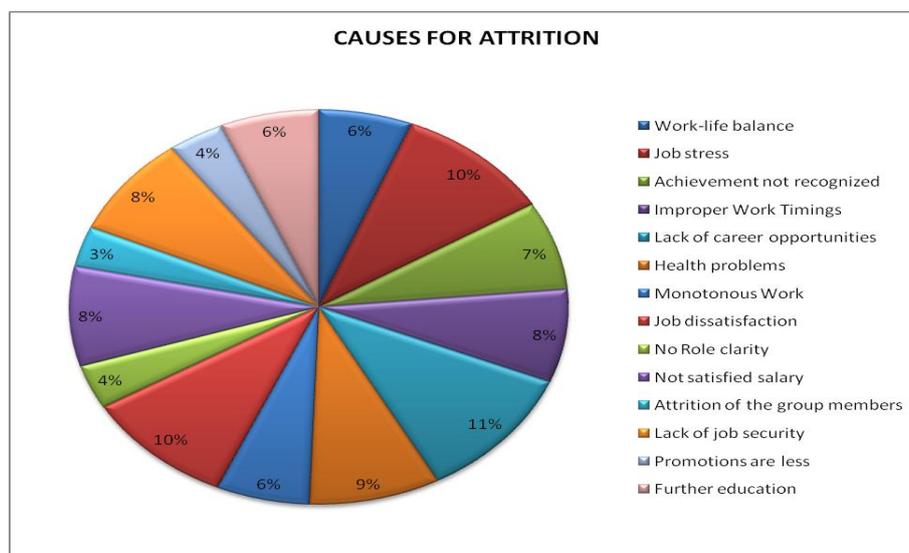
10. Over the past few years Indian BPO industry is facing stiff competition from BPO service providers in Philippines, Ireland, Brazil, Canada and Poland and one of the reason is that these countries are able to provide cost-effective alternatives.

V. EMPIRICAL DATA CAUSES FOR HIGH ATTRITION

The below table describes that we took feedback from 100 employees from various BPOs at Vishakhapatnam. We tabulated in a single window and texted with interpretations.

S.No	Causes for attrition	No of respondents	Strongly agree	Somewhat agree	Strongly disagree	Percentage
1	Work-life balance	100	35	36	29	100
2	Job stress	100	59	24	17	100
3	Achievement not recognized	100	42	23	35	100
4	Improper Work Timings	100	44	36	20	100
5	Lack of career opportunities	100	63	26	11	100
6	Health problems	100	49	26	25	100
7	Monotonous Work	100	35	42	23	100
8	Job dissatisfaction	100	57	24	19	100
9	No Role clarity	100	21	34	45	100
10	Not satisfied salary	100	47	32	21	100
11	Attrition of the group members	100	19	42	39	100
12	Lack of job security	100	48	29	23	100
13	Promotions are less	100	21	39	40	100
14	Further education	100	37	42	21	100

5.1 Pie Representation



5.2 Interpretation

From the above table it is clearly observed that 63% of the employees leaving out from BPO sector are for better career opportunities they were stating that the job is very routine no much change in the work. 59% of the employees are stating that job stress is the reason for high attrition. Exclusively women employees they are having sever health issues such as back pain, Eye sight problem and gynec problems. 57% of the employees express their dissatisfaction towards lack of security in the job. 47% of the employees are expressing their dissatisfaction on salary and improper hikes in the job. It is clearly identified from the above table there are certain predominant factors that are causing high attrition rates in the BPO sector.

5.3 Remedial Measures

1. Even though the employees are satisfied with their nature of job, it is identified in the study that many employees prefer to change their job due to lack of growth opportunities in their job. So if companies can look for some innovative technologies to decrease their attrition level by providing career growth opportunities.
2. Conducting regular health check up campus at office to avoid health issues.
3. Recognize employee who are good performers and reward them.
4. Provide higher education to retain employee.
5. Provide best career opportunities in order to retain employees

VI. CONCLUSION

The main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that lack of growth opportunities, salary, job stress, job dissatisfaction are the predominant factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new and innovative training programs. The company should also think of recruiting people who are in the vicinity of the industry so that the family related problems will not lead to attrition.

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