ABSTRACT

PhD Topic

THE DETERMINANTS OF ATTRITION OF EMPLOYEES AND RETENTION STRATEGIES WITH REFERENCE TO BUSINESS PROCESS OUTSOURCING (BPO) INDUSTRY

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INTRODUCTION

Breakthrough developments in the information technology, cutthroat global competition, rapid organizational restructuring, emerging market economies and growing realization of the importance of customers were some of the drivers of the new business paradigm. Outsourcing is the byproduct of this paradigm change. In general when a company decides to focus on its core business and outsource its non-core operations such as customer care, finance, payment services, HR, administration, insurance claims and of late content development to vendors or other organizations which deal them, ‘it is called business process outsourcing (BPO). Companies are moving their non-core business processes to outsource providers. BPO saves precious management time and resources and allows focus while building upon core competencies. The list of functions being outsourced is getting longer by the day. In the global business scenario, BPO is on top of the list today. The new age work force comprises mostly of knowledge workers, who are techno savvy, aware of market realities, materially focused and who have higher propensity to switch jobs. The challenge of acquiring new talent and retaining the existing talent is only going to intensify.

Organizations today strive to augment job satisfaction in the work force for it is conducive to lower its employee turnover, higher engagement and greater productivity. The Major challenges being faced by the ITES or BPO industry in India can be classified into internal and external challenges. The internal challenges include shortage of competent managers for the middle and senior management and the high attrition rates. The external challenge is in the form of opposition from the US politicians and the UK labor unions against shifting of the BPO operations by
local companies to India. The threat of real competition from other players like Philippines also exists, but doesn’t seem to need our immediate attention. We should look at these issues. Motivation is definitely directing the efforts of employees towards attaining the goals of an organization. There is no organization which has reaped the profits, increased the market share, and increased its brand recall without the motivated employees. It is only the motivated employees which execute the plans and it into a success. Human capital has always been an extremely important determinant of individual and social progress. In the present scenario, it is instrumental for developing economies in an increasingly competitive, services led, knowledge driven global economy. The degree of responsiveness of the skilled human resources on the overall development and specifically the economic growth has been well established. Notwithstanding, the known understand the significance of the skilled talent-pool in the knowledge economy and hence in the economic development.

After realizing the significance of BPO business and issues concerned, it is felt that a research effort in BPO with reference to their retention strategies of their employees assumes considerable amount of relevance and significant. Hence a modest attempt is made to review the earlier studies in order to identify the aspects covered in the earlier studies and to identify the gaps if any.
ASPECTS COVERED IN EARLIER STUDIES

- Stress and its implications for job performance
- The parameters of career development
- Talent management
- Work life balance
- Determinants of performance
- Competency mapping and its impact on the organization
- Organizational learning
- Retention of employees
- Employee empowerment
- The role of organizational politics and team work in job satisfaction
- The impact of earnings in job satisfaction
- Retention of talents
- BPO acts as an inflexible form of work organization
- Retention strategies in BPOs
- Personal accomplishment and job involvement
- BPO as a career launch pad
- The role of CRM practices
- Work life balance and burn out
- Reenlisting behavior
- Recruitment and retention strategies in rural areas.
- Shortage of man power leading to wars for talents
- Motivation and its impact on retention
- Ageing of labor work force
➢ Need to integrate HR professionals with human psychology.
➢ New risk economy

GAPS IN EARLIER STUDIES
➢ No serious effort to empirically identify the determinants of the high rate of job quit in BPOs.
➢ In the arena of BPOs, no thorough and empirical investigation is conducted on the retention strategies of employees and their efficacy.
➢ No research effort is made to analyze the expectations portfolio of employees.

In order to fill up the said gaps, the present study entitled “THE DETERMINANTS OF ATTRITION OF EMPLOYEES AND RETENTION STRATEGIES WITH REFERENCE TO BUSINESS PROCESS OUTSOURCING (BPO) INDUSTRY” is initiated with the following objectives and hypotheses.

OBJECTIVES OF THE STUDY
1. To identify the problems encountered by the BPOs in India.
2. To analyze the retention strategies adopted by BPOs
3. To examine the factors prompted to opt career in BPOs
4. To discuss the determinants of frequent job quit in BPOs
5. To study the expectations of the employees of BPOs
6. To identify the major determinants of the high rate of job quit in BPO
7. To suggest the relevant measures to strengthen and complement the retention strategies.
HYPOTHESES

1. The relationship between the age of the employees and their tendency to quit the BPO organization is assumed to be statistically independent.

2. The relationship between the gender of the employees and their tendency to quit the BPO organization is assumed to be statistically independent.

3. The relationship between the position of the employees and their tendency to quit the BPO organization is assumed to be statistically independent.

METHODOLOGY

Towards the end of the objectives and hypotheses mentioned, the following methodology is adopted.

SAMPLE DESIGN

Four BPO organizations and 500 employees and 30 executives of BPOs of different strata were selected for the purpose of the study. The sample BPOs includes AEGIS BPO services, Hinduja Global, SERCO and Tech Mahindra.

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.

PERIOD OF THE STUDY

This study considers 5 years ranging from 2006 to 2011 financial years and the primary data are collected in the year 2011-12.
SCOPE OF THE STUDY

The present study confines itself to address and explain only the frequent job quits in BPO industry and the reasons and solutions for the said problems. It does not cover the managerial, financial and marketing related aspects of the BPOs under examination.

TECHNIQUES OF ANALYSIS

Simple percentages, graphs, frequency distribution, correlation coefficient, chi-square statistic and other relevant methods are used to measure, estimate and test the significance of the relationships specified in the study.

\[
6 \sum d^2
\]

\[
R = 1 - \frac{\sum d^2}{n(n^2 - 1)}
\]

Where \( r \) = Spearman’s rank correlation coefficient

\( d \) = deviations

\( n \) = number of items

\[
\sum (0i - Ei)^2
\]

\[
\chi^2 = \frac{\sum (0i - Ei)^2}{Ei}
\]

Where \( \chi^2 \) = chi-square statistic

\( 0i \) = observed frequencies of the ith class

\( Ei \) = expected frequencies of the ith class
MAJOR FINDINGS

1. The problems faced by the BPOs in India are identified and presented in the descending order of endorsement by the respondents includes high attrition rate, stiff competition from Philippines, Opposition from U S Politicians, shortage of competent managers for middle and senior management positions and opposition from labour unions from U K.

2. The relationship between position of the executives of the BPOs and their perceptions about the problems encountered by the BPOs is found to be statistically independent except with reference to shortage of competent managers for middle and senior management positions.

3. The relationship between age of the executives of the BPOs and their perceptions about the problems encountered by the BPOs is found to be statistically independent.

4. The relationship between gender of the executives of the BPOs and their perceptions about the problems encountered by the BPOs is found to be statistically independent except with reference to high attrition rate.

5. The retention strategies are arranged in descending order of endorsement by the sample executives of the BPOs include reenlisting the interests of employees, declaring of EOM, appreciation mails, promotions, attractive incentive packages, implementation of programs of engagement, get together parties and commitment of employees and improving the role efficacy of employees.

6. The relationship between the position of the executives of the BPOs and their retention strategies is found to be statistically independent except with reference to promotions.
7. The relationship between the age of the executives of the BPOs and their retention strategies is found to be statistically independent.

8. The relationship between the gender of the executives of the BPOs and their retention strategies is found to be statistically independent except with reference to get together parties.

9. The factors prompted to opt for a job in BPOs are arranged in descending order of endorsement include skills matched the expectations of the BPOs, career in the most adored sector, BPO as career launching pad, to gain experience, flexible work hours, first opportunity, middle class family, friends already in service, desire for financial independence with low level of education, to earn money to lead youthful life, and attractive entry salary package.

10. The relationship between education of the employees of the BPOs and the factors prompted them to opt for a job in BPOs is found to be statistically independent except with reference to first opportunity, career in the most adored sector, to gain experience, and middle class family.

11. The relationship between age of the employees of the BPOs and the factors prompted them to opt for a job in BPOs is found to be statistically independent except with reference to first opportunity, and middle class family.

12. The relationship between gender of the employees of the BPOs and the factors prompted them to opt for a job in BPOs is found to be statistically independent except with reference to first opportunity, attractive entry salary package and middle class family.

13. The reasons why employees of BPOs frequently quit the service are identified and arranged in the descending order which include job requires hyper alert
efficiency which is not always possible to maintain, mental trauma due to continuous arguments with customers, job insecurity, health hazards for continuous phone use, stress, graveyard shift, promotion channel is very narrow, work life imbalance, financial incentives are marginal, extending shift, inflexible form of work organization, identity crisis, over qualifications, attractive packages in other organizations and vulnerabilities.

14. The relationship between education of the employees of the BPOs and their reasoning to quit the services from BPOs is found to be statistically independent except with reference to promotion channel is very narrow, inflexible form of work organization, vulnerabilities, and attractive packages in other organizations.

15. The relationship between position of the employees of the BPOs and their reasoning to quit the services from BPOs is found to be statistically independent.

16. The relationship between age of the employees of the BPOs and their reasoning to quit the services from BPOs is found to be statistically independent except with reference to promotion channel is very narrow, graveyard shift, mental trauma due to continuous arguments with the customers and attractive packages in other organizations.

17. The relationship between gender of the employees of the BPOs and their reasoning to quit the services from BPOs is found to be statistically independent except with reference to mental trauma due to continuous arguments with the customers, inflexible form of work organization and attractive packages in other organizations.

18. The expectations of the employees of the sample BPOs are arranged in the descending order of endorsement which include knowledge on human psychology,
talent management, no graveyard shift, employee empowerment strategies, work life balance, significant incentive packages, guidance on physical and mental coordination, gender safe culture, motivation, and personal and professional development.

19. The relationship between the position of the employees of the sample BPOs and their expectations is found to be statistically independent except with reference to employee empowerment strategy.

20. The relationship between the age of the employees of the sample BPOs and their expectations is found to be statistically dependent except with reference to no graveyard shift.

21. The relationship between the gender of the employees of the sample BPOs and their expectations is found to be statistically independent except with reference to employee empowerment strategy, significant incentive packages, motivation, personal and professional development, knowledge on human psychology, and guidance on physical and mental coordination.

21. The first hypothesis “The relationship between the age of the employees and their tendency to quit the BPO organization is assumed to be statistically independent” is partially accepted.

22. The second hypothesis “the relationship between the gender of the employees and their tendency to quit the BPO organization is assumed to be statistically independent” is partially accepted.

23. The third hypothesis “the relationship between the position of the employees and their tendency to quit the BPO organization is assumed to be statistically independent” is accepted.
**SUGGESTIONS**

In the wake of decelerating employment opportunities in the economy and a promising potential for the growth of IT and ITES in India, the following suggestions are made to make BPOs as really working and lovable places. They include

1. Work schedules must be made flexible.
2. Graveyard shifts should be avoided.
3. Talent management should be given top priority
4. Employee empowerment strategies must be effectively implemented
5. Incentive packages must be designed on the basis of opportunity cost theory
6. Promotions must be effective
7. Reenlisting of employees will serve as a powerful and productive method to reduce the attrition rate.