CHAPTER - III

RESEARCH DESIGN AND METHODOLOGY

3.1 RESEARCH METHODOLOGY

The present study has adopted a descriptive research design. The major purpose of this research has been the description of the state of affairs or problems as they exist and are being faced at present by BPO employees as well as employers. Therefore a systematic and organized methodology has been formulated for the research study. A survey technique has been used to obtain the required information. The population for this study comprised of employees working in select BPOs in the National Capital Region, New Delhi. A sample size of 1200 was chosen for this study. Random sampling technique has been used to gather data from the respondents, because of which respondents from diverse age group, gender; marital status etc. has been selected, but were restricted only to entry and first level managers, where the attrition is highest. The questionnaire has been designed to tap the demographic variables including age, education, gender, marital status, and tenure of the respondents. It has also gathered information about the factors responsible for attrition, such as the overall job satisfaction, pay satisfaction, organisation commitment and turnover intentions of BPO employees. Statistical Package for the Social Sciences (SPSS) version 11.0 has been used for the statistical analysis.

3.2 RESEARCH PURPOSE

The primary aim of this research has been to understand the underlying reasons for employee attrition in Indian Business Process Outsourcing industry. This work has outlined the causes for staff turnover particularly ‘voluntary turnover’- (the factors that drive an employee to quit the job) and also attempted to identify the measures that can control attrition. In particular this study has explored the concept of turnover intentions and extended previous theoretical research by investigating the effects of job satisfaction, pay satisfaction and organisation commitment on turnover intentions respectively. This quantitative, non experimental study has examined three hypotheses and has answered five research questions using descriptive statistics, correlation and regression analysis.
3.3 THEORETICAL MODEL FOR TURNOVER INTENTIONS

Based on the review of literature, a theoretical model for turnover intentions has been proposed. In this model some variables have been regarded as proximal variables. These variables have direct relationship with turnover intentions and the variables having indirect relationship with turnover intentions have been regarded as distal variables. The distal variables are the variables that determine job satisfaction of the respondents. Figure 3.1 represents the theoretical model for turnover intentions. Starting from the right side of the model is the criterion variable – Turnover Intentions, which is the dependent variable.

The Proximal variables are:

- Job Satisfaction
- Organisation Commitment; including affective commitment and continuous commitment, and
- Pay satisfaction

The distal variables – Correlates of job satisfaction

- Overall Job
- Work Demand
- Work Environment
- Work – Family Life Conflict
- Peer Support
- Opportunity for Promotion
3.4 BACKGROUND OF THE PROPOSED MODEL

The selection of variables for the proposed model has been based on the review of related studies as well as meetings held with the human resource managers, team leaders and communication trainers of the select organisations to define the scope of the research and the appropriateness of the specific variables that were applicable to the problem under study. The theoretical reasoning for the selection of the each variable is outlined below:

3.4.1 Proximal Variables

At the centre of some turnover models have been the proximal variables of job satisfaction and organisation commitment (Steel, 2002) and were mainly developed from the vast amount of research on job satisfaction and turnover (Porters and Steers, 1973). The models were extended to include the effects of organisational commitment on turnover intentions (Porters, Steers, Mowday & Boulian 1974).

Further, in context of Indian Business Process Outsourcing industry it has been reported by Hay group consultancy (2008) that dissatisfaction with remuneration is one of the reasons for high attrition rate. Also there have been many research studies, which have pointed towards the fact that the satisfaction with pay is an important variable that can influence employees’ attitude towards work. Therefore in this

Fig 3.1: Employee Turnover Model
research job satisfaction, pay satisfaction and organisation commitment (affective and continuous) have been considered as proximal antecedents as they are strong predictors of turnover intentions.

### 3.4.2 Distal Variables – Correlates of Job Satisfaction

Wood, Chonko, and Hunt (1986) characterized job satisfaction as multi dimensional. The dimensions of satisfaction identified in this study are (a) Overall job satisfaction (JSQ), (b) Work Overload (WDQ), (c) Work Environment (WEQ), (d) Work – Family Life Conflict (WFLCQ), (e) Peer Support (PeSQ) and (f) Opportunity for Promotion (PrQ).

#### 3.4.2.1 Overall Job Satisfaction

Job satisfaction is a subjective emotional evaluation made consciously or unconsciously by the employees and is defined as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience (Locke 1976).

#### 3.4.2.2 Work Overload

Work overload is defined as a stressor when the employees feel that they have too many responsibilities or tasks in a defined period (Cardenas, Major and Bernas, 2004). Overload results from an interaction between the employee and his/ her environment. Research shows that work overload contributes to employee strain, tension, job dissatisfaction and turnover (Spector and Jex, 1998).

#### 3.4.2.3 Work Environment

General organizational and work environment in BPO’s is largely different from traditional organizations as “the customer oriented nature of work often challenges the traditional conceptions of control and coordination” (Tripathy, 2006). In a BPO organisation work environment is mediated by computer and telephone based technologies that enable distribution of work to available staff, and permit customer – employee interaction to occur simultaneously with use of display screens, equipments and the instant access to, and inputting of information (Holman, 2003). (Bakker, Demerouti and Schaufeli 2003) proposed that in a BPO company there are several characteristics of work environment such as emotional demands, problems with equipments, or changes in tasks which may lead to impairment of health and consequently to absenteeism and turnover.

#### 3.4.2.4 Work to Family Life Conflict

Work life balance is the stability characterized by the balancing of an individual’s life complexity and dynamism with the environmental and personal resource such as family, community, employer,
profession (Crooker et al., 2002). With 24/7 operations, BPO companies has higher turnover rates. Research has provided evidence that job satisfaction has been prominent as being having a negative relationship in work to family life conflict (Netmyer, Boyes and Mc Murrain, 1996). Therefore in present study work - family life conflict is considered as the distal variable for influencing turnover intentions.

3.4.2.5 Peer Support – Peer/ co-worker relationship refer to the relationship between employees at the same hierarchical level who have no formal authority over one another. La Rocco and Jones (1978) found that there is a positive correlation between co-worker support and tendency to remain in the organisation. Also Hodson (1997) has argued that the social relations at the workplace may make a key contribution to employee’s job satisfaction, productivity and well being.

3.4.2.6 Opportunity for Promotion – Promotions are also an important aspect of worker’s career and life, affecting other facets of the work experience. Vroom (1982) has found considerable evidence to suggest that promotional opportunities are important to a worker’s satisfaction with the job. The advancement in the rank or position is associated with higher pay and thus it is an extrinsic motivator.

Based on the above proposed model the following objectives have been formulated for the study.

3.5 HYPOTHESES

H$_1$: Job Satisfaction is negatively correlated with turnover intentions.

H$_2$: Organisational Commitment is negatively correlated with turnover intentions.

H$_3$: Satisfaction with remuneration is negatively correlated with turnover intentions.

3.6 OBJECTIVES

1. To examine the sources of employee attrition in Business process outsourcing sector.

2. To study the relationship between turnover intentions and job satisfaction.

3. To study the relationship between turnover intentions and organizational commitment.
4. To analyse the effect of remuneration on turnover intentions.
5. To find out the measures that can control employee attrition.

3.7 AREA PROFILE/ SCOPE OF THE STUDY

The Business process outsourcing industry in India is growing at a breathtaking speed. Although India’s position as a preferred location for off shoring is well established, the growth of the industry has been concentrated around a few key cities such as Bangalore, Delhi-NCR, Chennai, Hyderabad, Mumbai etc. Among these Tier I cities Delhi NCR has been chosen as sampling unit as maximum number (53) of business process organisations are located in this region as compared to other cities (NASSCOM 2011). In Delhi NCR following companies have been selected on the basis of their employee strength and revenue generation:

- Genpact: Employee Strength - 41,000, Revenue (2010): (₹ 45.92 billion)
- IBM Daksh: Employee Strength - 10,000, Revenue (2010): (₹ 16.10 billion)
- HCL Technologies: Employee Strength - 65,000, Revenue (2010): (₹ 10.44 billion)
- Convergys India: Employee Strength - 14,000, Revenue (2010): (₹ 8.01 billion)

These companies are chosen from a list of top 20 BPO Employees provided by NASSCOM 2010 Survey. In this survey, the companies have been ranked according to their employee strength. Also these companies are amongst the Top twenty companies listed in Dataquest (2010) Top 20 survey conducted by the flagship publication of Cyber Media, one of South Asia's largest specialty publishers. In this survey the companies are ranked according to their revenue.

3.8 DATA SOURCES

The purpose of this study is to examine the problem of employee attrition in Indian Business Process Outsourcing Industry and to suggest measures, which may help in controlling the attrition. The study is based on following dimensions i.e. Turnover
Intentions, Job satisfaction, Pay satisfaction, and organisation commitment. Therefore the study is based on the both Primary and Secondary data.

3.8.1 Primary Data: The present study, which is exploratory in nature, has been conducted on four Business process outsourcing companies operating in the Delhi NCR region viz. Genpact, IBM Daksh, Convergys India and HCL Technologies. The respondents consisted of employees working at entry level and first level managers. Respondents were not contacted directly. In each BPO company, team leaders were asked to distribute the questionnaires to employees working at entry level and first level of management.

The study consisted of both a qualitative and quantitative phase. In the first phase, interviews were conducted with team leaders, communication trainers, human resources managers and senior customer service representatives to explore the problem of attrition in the organisation and the possible reasons of employees’ exit. In the second phase, a survey was conducted amongst the employees by using a questionnaire. The questionnaire was developed on the basis of inputs obtained from the qualitative phase of the study and in consultation with the experts from The Business School (University of Jammu).

The Respondents (12% sample; employee strength 2000-2500 in each BPO campus) were taken from each company. The survey covered a range of topics including respondents’ educational background, respondents’ economic background, and reasons for joining BPO, respondents’ job satisfaction, work environment, work-family life experience, and opportunity for promotion, pay satisfaction, organisation commitment (Affective & Continuous Commitment) and turnover intentions. As all BPO employees are fluent in English, the questionnaires were prepared in English.

3.8.2 Secondary Data: Various manuals and publications, i.e., survey reports, journals, Magazines, etc. related to the topic were consulted. The reports of various advisory and consultancy firms of national and international repute have also been consulted to get reliable information.

3.9 QUESTIONNAIRE DESIGN AND DEVELOPMENT

Based on the review of related studies, a questionnaire has developed using a five-point Likert-scale. Likert scale is acknowledged to be one of the most common
accurate methods of gathering respondents’ opinions (Brown, 1996). Emory and Cooper (1991) have agreed that a properly constructed scale can contribute efficiently to the accuracy of responses. Thus, this scale has been used to enable respondents to make clear and quick judgements and at the same time achieve accurate measurement.

A structured questionnaire was used because it provides a straightforward way of obtaining information, and allows systematic comparison between cases on the same characteristics (de Vaus, 2002). The development of the questionnaire for this current study followed the work done by Riley Derek (2006). The purpose was to assess possible determinants that may influence employees’ intention to leave a job in the outsourcing industry.

There were sixty four items in the questionnaire organised into five sections. Section A was about demographic profiles and it consisted of nine items such as respondents’ occupational title, number of years in present organisation, number of years in outsourcing industry, number of companies changed, age, marital status and monthly income of respondents.

Section B consisted of items that would measure job satisfaction of respondents. It consisted of 30 items. The facets of job satisfaction considered for this study included satisfaction with work (JSQ) - 5 items, work environment (WEQ) - 6 items, work overload (WDQ) - 5 items, work family life conflict (WFLCQ) - 6 items, Satisfaction with peers (PeSQ) – 4 items and opportunities for promotion (PRQ) - 4 items.

The variable satisfaction with work has been measured by using Brayfield and Roth (1951) scale. The construct of work overload has been measured by scale proposed by Bolino and Turnely (2005) and scale proposed by Netemeyer, Boles and McMurrian (1996) has been used to record responses for work-to-family life conflict. The satisfaction with Peer support and promotion opportunities has been measured by a scale proposed by (Churchill, Ford, and Walker 1974).

Section C consisted of 8 items that would measure respondents’ satisfaction with the remuneration package offered by the industry. This variable has been measured by scale given by Heneman & Schwab (1985) and contained items such as satisfaction with pay offered, cost of living, raises and benefits and the pay offered in comparison to other firms in the industry.
Section D measured the organisation commitment of respondents. It consisted of 12 items out of which 6 items dealt with measurement of respondents’ affective commitment and remaining six measured continuous commitment. These items have been taken from the scale developed by (Allen & Meyer 1996).

Finally Section E consisted items measuring turnover intentions of respondents. The turnover intention (TI) scale included five items measuring respondent’s intentions to quit their jobs. Four of these items were adopted from Shore and Martin (1989) and one was adopted from Simmon, Cochran, & Blount (1997).

3.10 PRETESTING

Prior to the main stage of data gathering and analyses, a pilot study was conducted by collecting data from 200 respondents in the month of January 2010. The purpose of conducting the pilot study has been to establish whether all the procedures and instruments shall give the desired results. The respondents for the pilot study consisted of employees working at entry level and first level managers. Based on their responses, reliability tests were done to check for the reliability and usability of the instrument. For this purpose Cronbach’s alpha coefficient for the each item is calculated by using Statistical Package for the Social Sciences (SPSS) version 11.0. All of the variables were found to have coefficient value over the Nunnally’s (1978) recommended minimal internal consistency threshold of .70. This suggests that the scale scores are relatively reliable for respondents in this study. Also for measuring the dimensionality of the items of the job satisfaction scale, data reduction technique of exploratory Factor analysis has been used. This multivariate technique used through SPSS is most appropriate for the present study as it involves the examination of inter relationship among variables so as to reduce large number of dimensions into few manageable and meaningful sets (Stewart, 1981). The test of appropriateness of a factor analysis is KMO measure of sampling adequacy where high values (> .6) indicate its relevance for further analysis.

The results of the pilot survey suggested some modification in the job satisfaction scale. Therefore the final questionnaire was framed using a five point Likert scale containing 63 statements covering the following dimensions vis-à-vis: Overall Job Satisfaction (JSQ); Work Overload (WDQ); Work Environment (WEQ); Work to
Family Life Conflict (WFLCQ); Peer Support (PeSQ); Opportunity for Promotion (PrQ); Pay Satisfaction (PSQ); Affective Organisation Commitment (ACQ); Continuous Commitment (CCQ); Turnover Intentions (TIQ).

3.10.1 Overall Job Satisfaction

1. My job is monotonous *
2. My work is Valuable.
3. My job is interesting.
4. My job is challenging.
5. My work gives me sense of accomplishment.

3.10.2 Work Overload

1. The amount of work I am expected to do is too big.
2. I have to work very fast on my job
3. It often seems like I have too much work for one person to do.
4. I never seem to have enough time to get everything done at work.

3.10.3 Work Environment

1. My work schedule is fair
2. I feel my job responsibilities are fair.
3. My manager makes sure that all employees’ concerns are heard before job decisions are made.
4. To make job decisions my manager collects accurate and complete information.
5. My manager clarifies decisions and provides additional information when requested by employees.
6. When decisions are made about my job my manager is sensitive to my needs.

3.10.4 Work – Family Life Conflict

1. The demands of my job interfere with my home and family life.
2. The amount of time my job takes up makes it difficult to fulfil family responsibilities.
3. My job produces strain that makes it difficult to fulfil family duties.
4. Due to work related duties, I have to make changes to my plans for family activities.
5. Things I want to do at home do not get done because of the demands my job puts on me.
6. The demands of my work interfere with my family duties.

3.10.5 Peer – Support
1. My Fellow Workers are cooperative
2. The people I work with help each other when someone falls behind or gets in a tight spot.
3. The people I work with get along well together
4. My fellow workers are sociable.

3.10.6 Opportunity for Promotion
1. I have a good chance for promotion in this organisation.
2. Promotion here is based on ability.
3. There are plenty of good jobs for those who want to move ahead.
4. My opportunities for advancement are limited. *

3.10.7 Pay Satisfaction
1. For the job I do, I feel the amount of money I make is.
2. Considering what it cost to live in this area my pay is.
3. My take home pay is.
4. My benefit package is.
5. The raises I have typically received in the past.
6. The company’s pay structure is.
7. Differences in pay offered by other BPO companies.
8. How my raises are determined.
3.10.8 Affective Commitment

1. I would be very happy to spend the rest of my Career with this organisation
2. I really feel as if organization’s problems are my own.
3. I do not feel strong sense of “belonging” to my organization.*
4. I do not feel “emotionally attached” to this organisation.*
5. I do not feel like “part of family” to this organisation.*
6. This organisation has great deal of personal meaning to me.

3.10.9 Continuous Commitment

1. Right now staying with my organisation is a matter of necessity as much as desire.
2. It would be very hard for me to leave my organization right now, even if I wanted to.
3. Too much of my life would be disrupted if I decided to leave this organisation.
4. I feel that I have too few options to consider leaving this organisation.
5. If I had not already put so much of myself organization, I might consider working elsewhere.
6. One of the few negative consequences of leaving this organization would be scarcity of available alternatives.

3.10.10 Turnover Intentions

1. Thoughts about quitting my job cross my mind.
2. I am planning to look for new job within next 12 months.
3. I intent to ask people about new job opportunities.
4. As soon as I will find a better job I will quit this organisation.
5. I will definitely leave this organisation within next year.
3.11 SAMPLE DESIGN

Table 3.1: Number of respondents from each company

<table>
<thead>
<tr>
<th>Name of organisation</th>
<th>Questionnaires distributed</th>
<th>Number of Respondents</th>
<th>Response Rate/organisation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM Daksh</td>
<td>300</td>
<td>250</td>
<td>83.33%</td>
<td>27.62</td>
</tr>
<tr>
<td>Convergys India</td>
<td>300</td>
<td>250</td>
<td>83.33%</td>
<td>27.62</td>
</tr>
<tr>
<td>HCL Technologies</td>
<td>300</td>
<td>205</td>
<td>68.33%</td>
<td>22.65</td>
</tr>
<tr>
<td>Genpact</td>
<td>300</td>
<td>200</td>
<td>66.66%</td>
<td>22.11</td>
</tr>
<tr>
<td>Total</td>
<td>1200</td>
<td>905</td>
<td>75.41%</td>
<td>100</td>
</tr>
</tbody>
</table>

TOTAL SAMPLE FOR THE STUDY = 905

TOTAL %AGE RESPONSE RATE = 75% (approx.)

3.12 DATA TABULATION, STATISTICAL TOOLS / TECHNIQUES USED

The data so collected from the respondents was coded as per the requirement and simultaneously fed into MS – Excel 2007 spreadsheet and then transferred to SPSS 11.5 data editor file for statistical processing. The various statistical tools that were used for conducting analyses are:

3.13 DESCRIPTIVE STATISTICS

Measure of central tendency and measures of variability have been used to summarize data and bring forth the underlying information. In this study measure of central tendency (mean) was used to find out the average of various responses pertaining to the identified variables. Further to identify how responses are clustered around the central value, measures of dispersion (Standard Deviation) were calculated.
3.14 PERCENTAGE ANALYSIS

This technique has been applied to examine the percentage of the demographic profile of the respondents.

3.15 CORRELATION ANALYSIS

The Pearson’s correlation coefficients were used to analyze the relationship between turnover intentions and job satisfaction facets, pay satisfaction and organizational commitment respectively.

3.16 REGRESSION ANALYSIS

Regression analysis used to assess the relationship between one dependent variable and several independent variables. For the present study this technique has been used for studying relationship among the various variables involved in the research process.

\[ TI = \alpha + \beta_1 V_1 + \beta_2 V_2 + \beta_3 V \]

Where \( V_1 = JS, V_2 = PS, V_3 = OC \)

Where TI = Turnover Intention

PS = Pay Satisfaction

OC = Organisation Commitment

3.17 FACTOR ANALYSIS

For measuring the dimensionality of the items of scale for job satisfaction, data reduction technique of exploratory Factor analysis has been used. This multivariate technique used through SPSS (11.5 version) is most appropriate for the present study as it involves the examination of inter relationship among variables so as to reduce large number of dimensions into few manageable and meaningful sets (Stewart, 1981). The study has used R-mode principal component analysis with a Varimax rotation (Kakati and Dhar, 2002) as the number of subjects was greater than the number of variables. Varimax rotation is the best orthogonal rotation procedure
(Stewart, 1981) as it minimizes the number of variables with high loadings on one factor, thereby enhancing the interpretability of the factor (Malhotra, 2002). For the purpose of describing the underlying factor structure, ‘the eigen value one criterion’ has been used to determine the number of components to be extracted for further analysis (Stewart 1981.). The test of appropriateness of a factor analysis is KMO measure of sampling adequacy where high values (> .6) indicate its relevance for further analysis.

3.18 RELIABILITY ANALYSIS OF MEASUREMENT SCALES

The reliability analysis of various measurement scales was done using Cronbach’s Alpha method. All those variables that were over the Nunnally’s (1978) recommended minimal internal consistency threshold of .70 are considered reliable for use.

3.19 BARON AND KENNY’S LINEAR EQUATION MODEL TO TEST MEDIATION EFFECT

In addition to statistical analyses mentioned above, the study also attempted to find out the mediation effect organisation commitment on pay satisfaction and turnover intentions of respondents. For this purpose Baron and Kenny’s (1986) linear equation method has been followed. According to the author’s guidelines, to verify the existence of mediation effect, the following conditions have been assured:

1. The predictor variable should affect by the mediator variable in the first regression equation;
2. The predictor variable should be affected by the dependent variable in the second equation;
3. The mediator variable should affect dependent variable in the third regression equation.
4. The strength of link between the predictor and outcome is significantly reduced when mediator is added to the model.
In addition to these results, the mediation effect was further tested using Sobel Test (Sobel, 1982). The purpose of this test was to verify whether a mediator carries influence of an independent variable to dependent variable. The Sobel Test measures Z Value.

Where, $Z\text{-value} = \frac{a \times b}{\sqrt{b^2 \times sa^2 + a^2 \times sb^2}}$.

**3.20 CONCLUSION**

This chapter presents the methodology adopted for the study. The study has used descriptive research design. The data was collected from the employees working in four select B.P.O organisation in Delhi NCR region and the data was analysed by using advanced statistical techniques like Factor Analysis, Correlation and Regression analysis. The details of the statistical analysis are presented in CHAPTER V.
REFERENCES


De Vaus D (2002), Surveys in social research, Routledge.


