CHAPTER I

Introduction
1.1 Introduction

In recent years India has earned the distinction of being the most favoured Business Process Outsourcing (BPO) destination of the world. She is one of the prominent electronic housekeepers to the world, taking care of a host of routine activities for multinational firms (Babu, 2004). The National Association of Software and Services Companies (NASSCOM), India predicts that the ITES-BPO sector has the potential to generate direct employment for over two million workers by 2012 and this sector is expected to generate exports to the tune of US $ 30 billion by the same year (NASSCOM, 2008). The importance of this sector becomes still more clear with the fact that the BPO revenues accounted for 1 per cent of India’s GDP and 4 per cent of India’s exports in the financial year 2008-09. The Information Technology (IT) and BPO created 45 per cent of total urban employment, and the BPO has created over a third of those jobs (NASSCOM, 2009).

The boom in the BPO activities has prompted policy planners to view this sector as one of the potential avenues to absorb the growing mass of educated unemployed. However, there are rising anxieties on the sustainability and credibility of the sector, in terms of job creation and provision of ‘superior’ work conditions. Despite the growing attention on the employment potential of this booming sector, the conceptualization of its long-term implications is still in a nascent stage. This has been further supported by the discussions in the mass media on the uncommon nature of issues confronted by the workers in this sector. The atypical norms of work and work organization in the new economic order imply a host of insecurities to the workforce, which include growing attrition rates, increased stress at work and eroding
collectivity of workers (Babu, 2004). In service sector, it is proven that the body and mind fitness of employees has a spillover effect on the quality of service delivery.

Yet, the human side of the business has not received due attention from the BPO organizations (Sharma, 2005). The BPO industry is, basically, a people-driven industry and hence, India's large English-speaking population has been the backbone of the Indian BPO industry – no other offshore location offers the unique combination of volume and skill base that India does. So, given this people-driven nature of the BPO industry, the very factor that has been the BPO industry's strength could turn into its nemesis. As already mentioned, the employee attrition has emerged as the biggest malaise of Indian BPO industry.

Sengupta et al. (2007) report that the BPO attrition rates are officially pegged by the industry at 46 per cent, but informally companies, even those among the top 10, admit that attrition rates scale as high as 70 per cent. But majority of the reports on this sector claim that the attrition rates in the BPO industry are in the range of 30-35 per cent (Dev, 2003; Tiga and Kumar, 2003; Mehta, 2005; Sharma, 2010). A look at the attrition rates at the global level gives us the following data: US 42 per cent, Australia 29 per cent, Europe 24 per cent, India 18 per cent and the global average is at 24 per cent (The Times News, 2003). However, some authors report that the prevailing attrition rate in the US to be around 70 per cent (Sharma, 2010) while, according to a new study of more than 200 contact centers, the contact center attrition in the US is running at 33 per cent (Campbell, 2007). In the Philippines the attrition rate is reported to be 50 per cent annually (callcenterphilippinesblog.com, 2008) while in New Zealand it is reported to be 33 per cent (O'Malley, 2008).
A comparison of the attrition rates of BPO employees with the employees of other industries makes the picture still clear. As per a report in Business World, the attrition rates across the various industries for the employees who have spent 0-3 years in the organization are as follows: pharma and chemicals 25 per cent, manufacturing 8.58 per cent, financial services 20 per cent, hospitality 35 per cent, advertising and media 40 per cent, BPO 40 per cent, automobile 7 per cent, auto component 12 per cent, banking 10 per cent, infrastructure 16 per cent, and IT and telecom 32 per cent (Emmay HR/Business World, 2008). A report by Hay Group showed that, in general, the staff turnover in India is 15.7 per cent, but in BPO companies attrition stands at 23.5 per cent - which is the country's highest, that means it is 7.8 percent higher than other suffering sectors (Mishra, 2008). Again, an Asia wide study conducted by Sydney-based call-center.net says that the cases of absenteeism and sick leave are high among call center agents in India. In a year, they take 15 days of sick leave against their counterparts in China and the Philippines (11), Thailand (10), Singapore and Malaysia (8) (Citeman, 2007).

These reports, therefore, make one thing certain: that the BPO sector has the highest attrition rate in India. The industry representatives themselves agree that it is difficult to motivate the employees to remain with the organization for more than 2 to 3 years. (Dept of IT, 2003). The average tenure of a full time agent in 34 per cent of the call centers is 2 years and the surveys reveal that most employees leave within 6 months to 12 months for multiple reasons like better opportunities, lack of career opportunities, compensation, being a problem-handler daily (Sengupta et al., 2007). It must be noted in this context that the US financial crisis and the following global recession did help Indian outsourcing firms do what they couldn’t quite do on their
own: get employees to stick around. The BPO industry's churn rate was reported to have come down below 20 per cent in the third quarter of 2008-09 (Viswanatha, 2008). However, this is purely a temporary phenomenon and the problem is sure to recur once the economies recover from this meltdown.

The assets of any business walk home each night in the hearts and minds of the employees. What can the managers do to bring them back to the organization the next day? The first line of defense could be a contented workforce, since satisfied employees are far less likely to jump ship (Gupta, 2005). The BPO industry is a critical sector in the Indian economy with the potential to create jobs for millions of people in a country where the problem of unemployment is severe and also with the ability to generate revenues worth billions of dollars. However, the single-largest problem faced by this industry is attrition and the toughest concern for an HR manager of a BPO firm is the retention of the employees. If the industry is to become a true employment and revenue generating sector along with winning the hearts and minds of the people and the economy, we have to tackle the crucial issue of talent attrition at the earliest. Against this background, the thesis has taken up for study the most important aspect of motivation in the ITES-BPO industry in India.

1.2 Statement of the Problem

Each and every day, a large number of surveys, reports, facts and figures, projections, opinions appear in the media – both print and electronic - about the past performance of and future forecast for the ITES-BPO sector. All these data pertain to the revenues generated, growth rates achieved, number of jobs created by this sector
and they highlight the expectations and perceptions of different stakeholders with regard to this industry. Reviewing the literature available on ITES-BPO industry in general and the HR practices in ITES-BPO industry in particular, in India, the researcher finds that a large number of general articles, interviews of the CEOs, Directors (HR), or HR executives/managers do talk about motivating the employees of ITES-BPO industry. However, very often they confine themselves to the 'retention strategies' for the employees of ITES-BPO industry. Hence, most of these analyses are pointers that have been derived from interviews with BPO employees and management and this has been coupled with secondary research. Therefore, these cannot be qualified even as an attempt to do a complete study on the issue of employee motivation in the ITES-BPO industry. Thus, there has hardly been any research or empirical study carried out so far, in the area of employee motivation. Thus, the problem now is to find out what really motivates the employees of ITES-BPO sector so that they can be retained in this sector for a long period of time and that they can be made to visualise a career for themselves in this industry. Keeping in mind the need to analyse the issue of motivation with regard to the ITES-BPO industry, this study entitled “EMPLOYEE MOTIVATION – AN ANALYTICAL STUDY WITH REFERENCE TO THE ITES-BPO INDUSTRY” is undertaken.

1.3 Review of Literature

In this section, an attempt is made to present a review of the existing literature in the area of employee motivation with regard to the ITES-BPO employees. The major issues being discussed in the literature available in this area are presented here. As already mentioned, the toughest concern for an HR manager of a BPO is the
retention of the employees. The BPO entities, in earlier days, paid a handsome salary to attract a large number of employees. At times, the salaries were doubled to make the jobs attractive. There has been a vicious correlation between attrition and rising salaries. Though the high package and sophisticated work environment in BPOs succeeded to attract a large pool of youngsters, they failed to sustain the pool. Salary has ceased to be the biggest motivator today (Chakravorty, 2005) and money is not usually the sole motivator (Harrison, 1998; Chhabra, 2004; Leigh, 2005; Sharma, 2005; Joshi, 2007; Srikanth and Ramamirtham; 2008; Hay Group, 2008; Joshi, 2010). However, in the words of De Mello (2008), the overall compensation structure designed in the BPO industry is not competitive when compared to general market practices, which means that BPO employees do not receive as much cash-in-hand as their peers in other industries.

The BPO companies, then, tried the concept of 'work for fun', considered to be its unique selling point, to attract and retain the employees (read youngsters) in the organization. But this has already backfired (Gupta & Gupta, 2008). No matter what extent of fun is created in the work environment, youngsters fail to cope with the continuous stress of the work (Pillai, 2006). Night-shifts or odd working hours, workload, monotonous/boring job, close monitoring and surveillance wear them out very fast (Babu, 2004; Hill & Associates, 2005; Nicholas, 2005; Joshi, 2007). Health issues, the inability to be at home in day-time and on important holidays and festivals, insufficient holidays, lack of personal and family life, lack of work-life balance, have been the other issues confronted by the BPO employees (Nicholas, 2005; Singh & Pandey, 2005; Pillai, 2006; McMillan, 2006; Sharma, 2006; Srikanth and Ramamirtham, 2008). Chakravorty (2006) has identified the migration to more stable
work environments as one of the prime reasons to explain the high-attrition phenomenon.

The prime reasons for employees leaving the BPO jobs clearly include lack of career development opportunities, lack of opportunities for promotion and their flat hierarchies, among others. The employees are not ready to accept BPO job as a long-term career and they are now taking these jobs as a stop-gap arrangement to pass time and acquire little work experience. (Drucker, 1988; Belt, 2002; Dev, 2003; Tiga and Kumar, 2003; Balaji, 2004; Chhabra, 2004; Watson, 2005; Kumar, 2005; Phukan, 2005; Mehta, 2005; Prakash & Chowdhury, 2005; Chakraworthy, 2006; Vashista, 2006, Ramachandran, 2006; Nayanathara, 2007; Priyadarshini, 2007; Sengupta et al., 2007; Srikanth and Ramamirtham; 2008; Sharma, 2010). Job insecurity is another reason held in favour of attrition in BPO sector. Bhagat (2005) beautifully narrates how the feeling of job insecurity haunts the employees all the time. However, Srikanth and Ramamirtham (2008) state that the industry provides the best of available security. In the opinion of Babu (2004), the BPO work does not provide any scope for skill up-gradation and the work experience in BPO industry is not considered relevant for other jobs or for doing MBA, etc. (Dept of IT, 2003). However, Belt (2002) identifies two main career paths that employees can take: the first path involves promotion within the call center itself, while the second path views the call center as a ‘foot in the door’ to the parent company. Nevertheless, Jagadish (2004) opines that the ITES-BPO employees will have a bright international career and he compares it to the bank employees of ‘60s and ‘70s when nationalization was just completed and the employees managed to reach middle and senior level management posts later since banks grew.
Drucker (1988) regarded the development of systems of rewards, recognition and career opportunities as one of several critical tasks of management in the information-based company. “The essence of a rewarding career goes far beyond the paycheck” (Weiss, 1997). These views have been endorsed by other researchers as well (Ramakrishna, 2002; Vijayasimha, 2003; Tiga & Kumar, 2003; Leigh, 2005; Bhagat, 2005; Tripathy, 2006). Balaji (2004) emphasizes on the strategy of providing internal promotions so as to create a feeling that BPO segment offers good career growth opportunity which, in his opinion, will motivate employees to remain in the industry.

Hill and Associates (2005) attributed the exit of the employees to the expectation mismatches, job stagnation and lack of growth, quest for a better job content and dissatisfaction with company policies (Also see Hill & Associates, 2005; Phukan, 2005; Bhawal, 2005; Tripathy, 2006; Nayanathara, 2007; Jarg, 2007; Priyadarshini, 2007). Singh and Pandey (2005), in this context, report that the BPOs follow a ‘carrot-and-stick’ approach to motivate their employees.

In the words of Chatterjee (2005) close to 15 per cent of the BPO employees leave to pursue their education. The desire to pursue higher education has been one of the prime reasons for the BPO employees to quit their jobs. Many authors, in this context, suggest that offering part-time degree courses, MBA or PGDBM through correspondence can help in this regard (Ramakrishna, 2002; Nicholas, 2005; Kumar, 2005; Bhawal, 2005; Ramachandran, 2006). In fact, the BPO firms are doing it at present (Chakaravorthy, 2006). Carr and Tang (2005) opine that the use of sabbaticals as a means to improve employee motivation and morale is growing rapidly as
companies seek ways to retain their star performers and fight the effects of job burnout.

Karnik (2005) holds the opinion that because of several negative media stories and word-of-mouth publicity, there is a misplaced perception about the impact of BPO jobs on health, stress, social life and immoral practices. This results in influencers (parents, peers, teachers) having a negative perception of the career opportunity in this industry. A study done by the V.V. Giri National Labour Institute (funded by the Ministry of Labour, Government of India) has branded the BPO employees as ‘cyber coolie’ - a highly educated, intelligent graduate who is wasting his/her talent performing exhausting, mindless, repetitive tasks for the call center industry (Babu, 2004). Hence the society refrains the youngsters from establishing their careers in this industry (Pillai, 2006). Srikanth and Ramamirtham (2008) state that the people working in this industry have an unsatisfied esteem need because of the general perception about the industry.

Karnik (2005) considers ‘poaching’ of employees from competitors as one of the major challenges of the ITES-BPO industry (Nicholas, 2005; Priyadarshini, 2007; Chakravorthy, 2006). Companies have tried to address the unbridled attrition rates by entering into ‘non-poaching’ agreements with each other. But these are usually informal in nature and, therefore, often do not work (Dev, 2003; Chakravorty, 2006; Sengupta et al., 2007). The industry now considers that going up the value chain or giving a significant amount of value addition in the form of adoption of Knowledge process Outsourcing (KPO) will motivate employees to stay in the organization (Nicholas, 2005; Sengupta et al., 2007). Most companies try to follow good HR
practices to retain their employees but still organizations do use means such as 'lock-ins' to hold employees (Gupta, 2005).

Another reason why the employees leave is the brand name (Vijayasimha, 2003). In their individual capacity, service-providers are striving to reinforce the power of their brand - an important pull factor for employees of the industry (Nicholas, 2005; Chakravorty, 2006). The results of a study by Dash et al. (2008), by and large, conform to Hertzberg's (1959) two-factor model. However, a very noticeable difference is the emphasis on performance, recognition and relationship at work. Their study indicates that these factors are the major driving forces in the ITES work culture. Unfortunately, this has not been an in-depth study on motivation with reference to the ITES-BPO industry.

An analysis of the above literature clearly indicates that the major issues being discussed by the researchers in this area revolve around the causes for the never-ending problem of attrition. However, there has been hardly any in-depth study which could intensively discuss the HR systems and policies being practiced by the ITES-BPO firms; the correlates of job satisfaction and/or dissatisfaction which ultimately contribute to the employee motivation and/or demotivation; and also on the effectiveness of the HR practices being adopted by the ITES-BPO firms in retaining and motivating the ITES-BPO employees. With this background in mind, the present study entitled "EMPLOYEE MOTIVATION - AN ANALYTICAL STUDY WITH REFERENCE TO ITES-BPO INDUSTRY" is undertaken by the researcher.
1.4 Objectives of the Study

The present study on "EMPLOYEE MOTIVATION - AN ANALYTICAL STUDY WITH REFERENCE TO ITES-BPO INDUSTRY" is set out with the following objectives:

1. To contextualize the emergence of ITES-BPO industry in India.
2. To analyze the nature and composition of Human Resources (HRs) in the ITES-BPO industry.
3. To explore the correlates of motivation and/or demotivation of ITES-BPO employees.
4. To enquire into the causes of growing dissatisfaction/frustration among the ITES-BPO employees.
5. To examine the effectiveness of the HR practices adopted by BPO units having a direct bearing on the motivation/demotivation of ITES-BPO employees.
6. To suggest measures to improve employee motivation in the ITES-BPO industry.

1.5 Scope of the Present Study

The Business Process Outsourcing (BPO) forms an important part of the ITES industry, and we witness the existence of thousands of companies in India (small, medium and large in size), either of Indian or foreign origin, offering both voice and non-voice services. Getting the figures regarding the exact number of companies
operating in India is next to impossible, since not all are registered. Even the National Association of Software and Services Companies (NASSCOM) and the Software Technology Park of India (STPI) have expressed their inability to gather and disclose the exact number of companies operating in India. Again, it may not be practically possible to collect the primary data from each and every one of them. Keeping these constraints in mind, the researcher has limited the scope of his study to ten BPO units – five Indian multinational corporations (MNCs) and five foreign multinational corporations (MNCs) taking into consideration the ranking of the BPO firms as announced by the International Association of Outsourcing Professionals (IAOPs) for the year 2009. Again, in terms of the geographical coverage, this study is confined to the branches of these ten BPO firms that have been operating in the state of Karnataka.

1.6 Hypotheses Tested in the Study

The following hypotheses are adopted for the study and they are tested in the present study:

**H1:** The amount of training, provision of adequate ongoing training and perception that the training and development will contribute to the professional and personal grooming have a significant effect on the satisfaction level of the respondents towards the training and development.
H2: The satisfaction towards job description is significantly associated with variety in task, shift timings, change in shift timings in case of emergency, number and duration of breaks and extended working hours.

H3: The satisfaction towards salary and compensation is significantly associated with the provision of adequate salary for the job, competitiveness of the package and the incentives offered.

H4: The transparency in the working environment, job security, passion and enthusiasm in co-workers and relationship with peers significantly correlate with the satisfaction towards the working environment and the relationship with peers.

H5: The consistency in being fair, timely availability, encouragement for open communication, caring about the professional and personal growth, immediate recognition for outstanding work, regular and constructive feedback, problem-solving and sensitivity of the superiors have a significant effect on the satisfaction of the respondents towards the superiors.

H6: The variables of assessment of performance appraisal have significant relation with the satisfaction of the respondents towards the performance appraisal system.

H7: The transparency and being fair in the promotion policy has a significant association with the satisfaction of the respondents towards the promotion policy.
H8: The promotion for good work, feeling of being valued in the company, adequate recognition for the good work, feeling that the opinions matter, encouragement to take new initiatives and the freedom to take decisions have significant association with the satisfaction of the respondents towards the rewards and recognition policy.

H9: Openness and transparency in the company policies and procedures, openness towards the new ideas and suggestions, redressal procedures, transparency in the management and keeping up the promises made have a significant association with the satisfaction of the respondents towards the organizational culture of the employer.

H10: Having a clearly established career path, viewing BPO as a long-term career option and having a dynamic career path to retain the outstanding and highly-performing employees have a significant association with the satisfaction towards the career development initiatives of the employer.

H11: The correlates of satisfaction with the induction and training program, satisfaction with the adequacy of the job description, satisfaction with salary in accordance with work, satisfaction with the working conditions/environment, satisfaction in relationship with superiors, satisfaction with the performance appraisal system, satisfaction with the promotion policy, satisfaction with the reward and recognition, satisfaction with the organizational culture and satisfaction with the career development initiatives have a significant association with the overall satisfaction of the respondents towards the job.
1.7 Research Methodology

a. Area of study

As the study is confined to a total of ten ITES-BPO units operating in the State of Karnataka and as all these BPO firms under study have their centers in Bangalore, the field survey was carried out in Bangalore, which is considered to be the Silicon Valley of India.

b. Period of study

The entire study took about four years and three months, from November 2006 to February 2011. However, the primary data for the research was collected over a period of twelve months from March 2009 to February 2010.

c. Research strategy

Given the exploratory nature of the research, the researcher adopted a mixed-method approach. The research strategy was both quantitative and qualitative in nature.

d. Sources of data

i. Primary data: The primary data for the current research was collected through survey method using two sets of well-structured questionnaires – one for the
HR executives/managers and the other for the employees working in the BPO units under study. These instruments of data collection were pre-tested in the months of February 2009 in the form of a pilot study of three HR executives/managers and 15 employees of the BPO units under study and the necessary changes were incorporated before they were finally administered to the respondents under study. And the qualitative method, comprising in-depth interviews of HR executives/managers using a schedule, was adopted to generate data and information on the HR systems and policies in BPOs operating in India. During the interviews, the managers provided qualitative data on the firm's HR practices and elaborated on their experiences with these practices. In addition to this interview, the HR executives/managers also completed the well-structured questionnaire which enabled the researcher to collect the quantitative data on the HR strategies adopted by the BPO firms under study.

ii. Secondary data: The secondary data for this research was obtained from the books, journals, internet sources, monitoring of internet discussion groups, social networking websites, magazines, newsletters, seminars, conferences, workshops, newspapers, company reports and company websites.

e. Access to the sources of primary data

As the HR executives/managers and employees of BPOs are governed by the non-disclosure norms as a part of their service agreements, the researcher had to meet the respondents in restaurants, canteens, respondents' own houses or friends' houses and paying guest accommodations to collect the primary data. Thus, the access to these respondents was secured through contacts and through networking techniques.
f. Sample size

Altogether, the researcher collected data from 416 people from the BPO units under study - 10 HR managers/executives and 406 employees. The questionnaires were personally administered to all the ten HR managers of the BPO units under study and this also enabled the personal interview to collect the data and information on HR systems and policies of the BPO firms. The questionnaires were personally administered to 125 employees and the questionnaires were circulated to 350 employees through networking techniques, out of which 302 were returned (response rate 86.29 per cent). These questionnaires were scanned for their completeness and from these 302 responses, 21 incomplete responses were rejected and 281 responses were selected for the study (effective response rate 80.29 per cent). Thus, the researcher selected 406 responses for the study and these 406 employees constitute 1 per cent of the employee population under study.

g. Sample selection

Ten BPO units – five Indian multinational corporations (MNCs) and five foreign multinational corporations (MNCs) – were selected on the basis of the rankings announced by the International Association of Outsourcing Professionals (IAOPs) for the year 2009. All the units selected for the study are ranked as "The 2009 Global Outsourcing 100" which means these companies represent the top 100 companies in the world. Among these 100, the first 75 companies are the leaders – established and known companies and the next 25 are the rising stars – smaller and faster growing companies. Since the objective of the researcher was to study the area
of motivation with regard to the industry leaders, he narrowed down to the first 75 companies. Among these 75 companies, 20 are Indian MNCs and 55 are foreign MNCs. Again, all these 75 companies do not operate in India. As already mentioned above, since the HR executives/managers and employees of BPOs are governed by the non-disclosure norms as a part of their service agreements, the researcher had to collect data through contacts and through networking techniques. Hence, keeping in mind, the objective to study motivation with regard to industry leaders, the non-disclosure norms and the contacts and networks which the researcher already had and was confident of securing, the researcher has used the Purposive Sampling Method to choose the ten companies. The researcher has, thus, selected five Indian MNCs and five foreign MNCs which figured in the ranking list and except for one foreign MNC which is ranked at No. 70, all other units under study are ranked under the top 36 among the outsourcing firms in the world.

h. Sampling technique/method

As already mentioned, the researcher has used the Purposive Sampling Method to choose the ten companies for the study. However, once the ten firms were selected, the researcher has collected data from one HR each and from 406 employees and these 406 employees constitute 1 per cent of the population ensuring proportionate representation for the sample population. The population of the sample BPO units under study was collected from different sources, which included the HR executives/managers of the sample BPO units, Software Technology Park of India (STPI), the Ministry of Labour – Government of Karnataka and HR consultants, etc. Table 1.1 depicts the population and sampling technique. The researcher preferred the
data given by the HR executives first (was made available only for 5 firms), the data from STPI was preferred next (only for 4 firms), followed by the Ministry of Labour (1 firm) and the data from HR consultants is not used in the study. The researcher has gone by the reliability of the data in this context. The population under study and the sampling details are given in Table 1.1.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the BPO unit</th>
<th>Employee strength as on 31.03.2009</th>
<th>1%</th>
<th>IAOP Rank for 2009</th>
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<tbody>
<tr>
<td>1</td>
<td>Aegis Limited</td>
<td>3500</td>
<td>35</td>
<td>26</td>
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<tr>
<td>2</td>
<td>Firstsource Solutions Limited</td>
<td>3260</td>
<td>33</td>
<td>36</td>
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<td>HCL Technologies</td>
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<td>Infosys BPO Limited</td>
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<td>9</td>
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<td>5</td>
<td>Wipro BPO Solutions</td>
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<td>5</td>
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<td><strong>Total</strong></td>
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<td><strong>406</strong></td>
</tr>
</tbody>
</table>

Source: Survey data
i. Data processing and statistical analysis

Each and every item in the questionnaire was coded and the responses were fed to the computer using excel spreadsheets. Then, each and every item in the questionnaire was analyzed using different statistical tools and techniques. In addition to the usual descriptive analysis, some advanced statistical techniques were utilized in the present study. Descriptive statistics were used to assess the mean and standard deviations. The researcher has utilized Statistical Package for Social Sciences (SPSS) to analyze and interpret the data to be presented in this study. Techniques like Chi-square test, ‘t’ test, standard multiple regression and correlation techniques were also utilized. The researcher has used ‘factor analysis’ to identify and group the most important factors responsible for the overall satisfaction of the respondents, ultimately contributing to the overall motivation of the employees working in the ITES-BPO firms under study. Principal components analysis method was used to extract factors. Varimax Rotation (Kaiser’s Normalization) was used to get rotated factor matrix.

1.8 Significance of the Present Study

This study will be significant for the following reason:

It is, more or less, obvious now that the outsourcing has become inevitable in the modern globalized world, and the ITES-BPO industry has come to stay in the global context in general and the Indian context in particular. There have been a large number of studies on diverse HR issues, systems and policies and their implications with regard to the traditional industrial concerns. However, majority of the HR studies
in the ITES-BPO industry have discussed the issue of attrition, and there has been hardly any study with regard to the HR systems and policies and their contributions towards the attrition, retention and motivation of the human resources in the ITES-BPO industry. Given this scenario, the present study probes into the HR systems and policies of the ITES-BPO industry, and thus, helps in re-visiting and evaluating those HR systems and policies so that certain corrective actions may be initiated at the industry-level in general and the individual firm-level in particular.

1.9 Limitations of the Study

The limitations of this research are enumerated below:

Since it is a local study, huge generalizations at the cross-national and cross-cultural context are not advisable.

Any study in the area of motivation suffers from a major drawback; there is no standard scale to measure motivation. So, the researcher followed the approach of Herzberg’s two factor theory (1959), wherein the satisfaction level was measured using five-point Likert’s (1932) scale and those satisfied were considered to be the motivated people.

This study depended on the opinions and responses of the HR executives/managers and the employees of the sample ITES-BPO units. So, the authenticity of this study depended on their responses, which could have been influenced by their bias and personal experiences.
The primary data for this study was collected during a period when the entire world was reeling under the pressure of meltdown or recession, wherein all the firms and employees suffered a lot. So, the responses of the HR executives/managers and employees must have been influenced by their experiences and perceptions regarding recession. The researcher believes that the responses would have been different, had the primary data been collected during normal times.

1.10 Chapter Scheme

The entire study has been presented in the form of the following chapters:

**Chapter I: Introduction**

The first chapter introduces the background of the study in the form of introduction, statement of the problem, review of the literature, objectives of the study, scope of the study, hypotheses to be tested, research methodology, significance of the study, limitations of the study and the chapter scheme.

**Chapter II: Growth of ITES-BPO Industry in India and its HR requirements.**

This chapter tries to contextualize the emergence and growth of the ITES-BPO industry in India. The emergence of ITES-BPO in the global and Indian context, the phases of the evolution of the ITES-BPO industry in India, the manpower requirements for ITES-BPO industry in India, qualifications and skills typically required for various ITES-BPO work, how to meet the HR challenge for ITES-BPO,
educating / developing requisite skills for ITES- BPO industry and certifying skill levels of resources for ITES- BPO are covered in this chapter.

**Chapter III:** Human Resource Management Systems and Policies in Indian ITES-BPO Industry.

This chapter is the result of the analysis of a combination of both primary and secondary data. The primary data has been collected through a field survey using a schedule. The HR systems and policies with regard to the functional areas like work and organization, recruitment, training and development, performance appraisal and compensation, rewards and recognition, career development, employee turnover and retention are discussed here.

**Chapter IV:** Correlates of Employees Motivation in Indian ITES- BPO Industry.

This chapter presents the findings from the field survey regarding the correlates of motivation and/or demotivation of ITES-BPO employees and the causes of dissatisfaction/ frustration among the ITES-BPO employees. The specific satisfaction of the respondents towards the variables used in the study is presented first, followed by the overall level of satisfaction of the respondents towards the job.

**Chapter V:** Effectiveness of the HR Practices for Employee Motivation in the Indian ITES- BPO Industry.

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This chapter presents the findings from the field survey regarding the effectiveness of the HR practices adopted by the ITES-BPO firms under study to motivate and retain the employees. The views of HR executives/managers are presented here.

Chapter VI: Conclusion

This chapter presents a brief summary of the findings, some suggestions to improve upon the present motivation strategies being followed by the BPO companies to attract, motivate and retain employees from across potential workforce segments. The researcher makes an attempt to chalk out scope for further research/studies in this area and the report ends with some concluding remarks.
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