CHAPTER-5

FINDINGS AND CONCLUSION
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The literature reviewed earlier identifies outsourcing i.e., ITeS-BPO as a new form of work organization. It has been found that outsourcing has become a critical agenda for many multinationals in this era of globalization. The development and widespread availability of internet and telecommunication brought about drastic changes to the way business is conducted. Today, most major organizations are opting to outsource both functions and processes to improve their business efficiency and reduce the cost. At present, the companies can produce their products or extend their services from anywhere using resources from anywhere. Factors like lower costs, improved productivity, higher quality, higher customer satisfaction, time to market, and ability to focus on core areas are some of the benefits of outsourcing.

This ITeS-BPO industry has experienced phenomenal growth in the recent years contributing significantly to the economy as well as providing employment opportunity to the educated youth on a large scale. This trend also presents many challenges to the organizations. One of the most primary challenges is the management of the human resource. Human resource is an asset that can provide value and competitive advantage to an organization. A number of studies have established the positive linkage between high performance HR practices and superior firm performance (e.g. Arthur, 1994; Delery and Doty, 1996; Huselid, 1995). Nevertheless, the value of human resource management (HRM) for strategic outcomes is incomplete without an analysis of the uncertainties associated with human assets and the role that certain human resource (HR) practices play in managing these uncertainties.

ITeS-BPO wave in India began in the early 1990s and since then India has progressed substantially to become one of the major outsourcing destinations of the world. The phenomenal growth of the Indian ITeS-BPO industry in India can be attributed to the following factors: availability of a large number of cheap but skilled manpower, English language skills, technical education, time difference and supportive government policies.

ITeS-BPO is a unique workplace with very peculiar work culture and characteristics. A typical ITeS-BPO organization serves single or multiple clients spread across several geographical locations and varied cultures. It aims to offer customer satisfaction without the personal interface. It also operates across different time zones. Organizations choose the
outsourcing arrangement to primarily increase production or service efficiency and reduce cost.

This ITes-BPO industry in India has received attention from academia, press and government due to its growth employment opportunities it offers to the growing number of educated youth. However, very little attention has been given to the long-term implications and the understanding of its complexities, particularly from the view point of employees and their experiences at the workplace. This study provides an overview of the prevalent HRM practices and associated employee experiences in Indian ITes-BPO organizations.

The Indian ITes-BPO is faced with a gamut of human resources issues very unique to the industry such as odd working hours, working days/holidays determined by geographic considerations, pseudo identities, learning foreign accent, altered social and family life, high burn-out rates, lack of abilities of employees to handle work-life balance, job disillusionment, and less scope for personal growth (Shushmul, 2005; Punch, 2004). In addition to the above issues, employees are also experiencing a number of health, social and psychological problems (Rose and Wright, 2005; Houlihan, 2004). To cope with such complexities the people driven ITes-BPO industry must realign the HRM strategy and practices and must have at its center the people needs and their requirements. The HR Managers and senior management must strive to create a motivating work environment for the employees and create a culture of oneness. They have to continuously evolve ways to attract trained and qualified employees and also to device tools to retain them. Today the ITes-BPO employees have multiple options to choose from. They join an organization, gain knowledge, skills, undergo training and work only for a short period of time. All the hard work put in by the organization ceases to generate any result and the organizations have to restart the cycle again. Though the staff turnover is unpredictable as technological uncertainty to a great extent, yet through suitable HR strategies and practices the overall attrition percentage could be kept low.

The ITes-BPO organizations could take action at both strategic and operational levels and seek to adapt practices to satisfy both customers and employees. At the strategic level, they have to revisit their business goals, revamp their organizational structures, and improve client-vendor relations. While at the operational level, action plans are needed to deal with issues like employee motivation, attrition, and training and development. Productivity and quality are of critical significance in ITes-BPO organizations. This is particularly important because
the fast growth of the ITeS-BPO organizations and the high levels of competition have resulted in the scarcity of professionals with the required skill set.

The findings of this study have a number of implications for practitioners and academicians with interest in the ITeS-BPO industry. The main message emerging from the empirical study and the analysis of existing literature is that the work set-up of Indian ITeS-BPO is highly structured and controlled. Thus, there is a greater emphasis on formal and guided customer interaction in order to ensure ‘total customer satisfaction’ as well as confirmation to the service level agreements. Interestingly, these findings are similar to the outsourcing studies conducted in the developed countries.

The study also found that the HR function in the surveyed ITeS-BPO companies was striving to align the HR practices to their business goals. This is very much unlike the traditional Indian companies, where HR as a function still plays a reactive role (Budhwar and Sparrow, 1997).

### 5.1 Work Organization in India ITeS-BPO:

A brief description of the ITeS-BPO industry is presented here, to help explain the working conditions. Typical ITeS-BPO organizations are spread across various areas, such as accounting and finance, consulting, telecommunications, IT and software, banking and insurance, health, pharmaceuticals, energy, and travel. It carries out a range of inbound and outbound activities such as customer care, remote maintenance, data conversion, inventory management, web development, personal loans, HR, medical transcription, health care, network consultancy, animation, knowledge services, analytics, software and content development etc. Most ITeS-BPO operators work from large swanky offices in individual compartmentalized workstations and are connected through telephone/computer system. They wear headphones so that they do not disturb others as well as to be able to talk for long periods, keeping their hands free to search for information or key in details into the computer as they are talking to the customers. The operators are subject to both physical and virtual monitoring. Every transaction is tracked for quality control purpose and tested for accent and language, the content and time per call. In addition supervisors remotely monitor the interaction using call listening technology. They have to follow a specific format while interacting with the customers. The usage of technology such as Automatic Call Distribution (ACD) and Predictive Dialing Techniques (PDT) are applied to further track the call handling
time. Thus, the work organization of the Indian ITeS-BPO is spread over multiple areas and processes, while maintaining a great level of control in the way agents respond to clients and provide the service.

5.2 Demographics Profile of the Indian ITeS-BPO:

The Indian ITeS-BPO industry has attracted global attention by its consistent superior performance. India has achieved this success with the help of its young talented pool of graduates who are eager to work for this industry. Through the high packages and sophisticated work environment the ITeS-BPO organizations have succeeded to attract a large pool of youngsters. Although typified by call centers, the ITeS- BPO industry is actually a highly variegated industry. The nature of the employees, in terms of their knowledge and skills should vary in accordance with the nature of the work done in the ITeS-BPO industry. The prototypical ITeS-BPO firm therefore employs a largely young middle class cross-section of the Indian population, often well versed in English. The age often ranges between 18 and 24, while the average age at firms employing postgraduates tends to be in the mid-20s. The average age of employees in all the surveyed companies was similar to the above estimates. The average age of employees was found to be about 25, the education level was a graduate degree in any discipline, and marital status was single. This finding is also comparable to the estimates that about 87 percent of the workforce in call centers was below the age of 30 years, consisting mostly of college graduates looking for high-growth opportunities, high salaries and a “great work environment” (Jha, 2005). Since most of the employees come from the middle class; it makes the people dynamics of the industry very specific to the expectations and aspirations of this group. There are very few under graduates and fewer post graduates. Most of the respondents were graduates who found the work environment and the remuneration of the ITeS-BPO industry very lucrative. However, a report appeared in Economic Times May 12, 2005 denote BPOs as the “new-age sweatshops,” and people working in them as “cyber coolies” who are fresh graduates, lack core competencies, and have little chance of climbing up the corporate ladder (George, 2005).

The employee profile i.e., the age, educational background and marital status drives in very unique aspirations and needs and the HR practices has to be adapted to meet up the expectation of this employee group. Most prominent reason among the survey respondents for joining the ITeS-BPO industry was the good pay package offered while some respondents, cite reasons of work-culture, international exposure and lifestyle as other contributing factors.
Another important factor that was brought forward by majority of respondents was the desire to go for higher studies. It seemed that job at ITeS-BPO has been viewed as a stop gap arrangement between graduation and applying for postgraduate qualifications. At the same time many considered as an appropriate opportunity to polish English language and interpersonal skills and, gain some experience or make some earning to fund their higher education. All this leads to a shorter tenure for the employees of ITeS-BPO industry. Some organizations are trying to manage this by providing higher education opportunities tied to employment. These efforts will result in delaying an employees’ decision to leave by about two or three years. However, given the prevailing ‘war for talent’ in this industry even the two to three years of stability in workforce is of immense consequence in this extremely ‘tight’ labor market (Kuruvilla and Ranganathan, 2010).

All the participants of the survey were full time employees. This is perhaps due to the nature of the ITeS-BPO industry or the Indian context and this trend is very different in the developed economies such as UK and Australia wherein there are more part-time workers engaged in this industry. However, the survey findings goes in line with an earlier research conducted in 2004 by Batt et al., that found 95 percent of Indian call center workers held permanent full time jobs — 99 percent in the case of those working in call centers for the international market, and 92 percent of those working in domestic call centers.

Therefore, the demographic profile and other details of the Indian ITeS-BPO industry could reveal that the larger numbers of employees are young graduates possessing English language proficiency and they are also technology savvy.

### 5.3 Role of Women in Indian ITeS-BPO:

The ITeS-BPO and very specifically the call center industry is described as a female ghetto by some researchers due to the number of female employees engaged in this industry (Belt, 2002). Some earlier studies based in UK, Scotland other mature markets estimates that the female employees make up 70% of the call center workforce (Taylor and Bain, 1997; Datamonitor, 1998; Mitial, 1998 and Belt et al., 1999) while in India young women workers constitute half the Indian call center workforce (Taylor and Bain, 2004). The number of female employees at the junior management level is higher as compared to the senior managerial levels, which are dominated by men (Bain and Taylor, 1999). The survey respondents were a good mix of male and female employees (i.e., 100 male and 50 female).
This could be attributed to the fact that the coverage of this study was the entire gamut of ITeS-BPO companies and not just the call centers which is considered as the forte of female employment, because of the inherent social skills and competencies that women possess. Nevertheless, the above discussion brings forth the fact that ITeS-BPO industry has given immense employment opportunities for women than any other traditional source of employment. Considering the strong demand for women employees in the ITeS-BPO industry the government too has taken positive steps to promote this trend, for instance, the Factories Act of 1946 in India has been amended to allow women on late night shifts (Sifynews, 2005; Saini and Budhwar, 2004). The other issue that is to be tackled by both the government and employers was to safeguard the employees, women in particular, from sexual and racial abuse received from overseas clients. This is emerging as an important concern as some female employees are quitting due to this abuse or fear of abuse. Some organizations have already started to develop a “black list” of abusive clients and put them on their “do not call list” (Baliga, 2005). Another aspect which is gaining significance is the security issues as a response to the recent incidents of physical assault and murder of female employees in Gurgaon and Bengaluru. The female survey respondents expressed more concern regarding security than the male respondents. The organizations have to take measures to safeguard the female employees or face the threat of losing highly skilled and talented human resources. Organizations have already started devising plans to safeguard the women employees especially during the night shifts by ensuring the vehicle picks up female employees after at least one male colleague is picked up, testing auto vigil systems to track the vehicle and raise an alarm in case of any eventuality.

Overall ITeS-BPO is a green-field for female employment. It can also be an avenue to enhance the overall social status of the Indian women in the society by gainfully employing them and providing them with the much needed economic freedom. The Indian ITeS-BPO industry is already moving in that direction with women accounting for around 45 percent of the total workforce in the Indian IT-BPO industry (NASSCOM Strategic review 2011).

5.4 Recruitment and Selection in Indian ITeS-BPO:

It is important to identify the right candidates at the time of recruitment itself, so that they identify with the organization and stay on proving to be an asset for the organization. The recruitment and selection process is used to identify, through experience or predisposition, the existence of social competencies functional to service interactions. The survey highlights the
adoption of a formal and structured approach to recruitment in most of the sampled ITeS-BPO organizations. Typically, ITeS-BPO organizations use a mixture of approaches including recruitment consultants, job advertisements, campus interviews, employee referrals, and walk-ins. The ITeS-BPO employer looks for in a new employee specific skills including good command over English language, even tone of voice, persuasiveness, communication skills, neutral accent, voice modulation, positive attitude, energy level and, computer knowledge. Similarly, various other criteria, e.g., previous experience, identification of relevant skills, aptitude, and personality, are also important. Most surveyed organizations have a probation period of three to six months. The survey results show that in most of the studied organizations, potential hires were analyzed for desired personal skills and competencies prior to the selection decision. Similarly, all identified applicants were administered selection test of some type before a final hiring decision is made. According to the survey the most common test used is written test followed by the language test to assess the fluency in English language. Communication skills test is very important part of the selection process as it is a very critical requirement from an employee in this industry. There was very little prevalence of the psychological test and personal interviews which would aid selection of employees understanding their preferences enabling one to identify those who are fit for this kind of repetitive and demanding job. It is possible that this was a deliberate organizational strategy, replicating the notion of a ‘sacrificial HR strategy’ as posited by Wallace et al. (2000), where employers essentially allow the ‘burn out’ of existing employees, because they know that there are plentiful alternatives in the labor market. Despite the availability of a large number of graduates from Indian universities, ITeS-BPOs have started to experience problems in finding the right personnel. This can be attributed to the lack of appropriate skills and competence required for the ITeS-BPO jobs in the current educational system. Industry representatives highlight shortages in ‘industry-ready’, ‘industry-relevant’ manpower, that is, a scarcity of professionals who are equipped with the necessary ‘domain’ knowledge to cater to specific ‘verticals’ (industry segments) such as banking, insurance, telecom, retail and manufacturing (Mitra, 2004). There has been some move to make available industry ready professionals by large Indian corporations by means of establishing institutes for short-term, specialized training, and for college-level education (Economic Times, 2006; Thomas, 2006). Finishing schools are also being established to provide focused training in deficient skills to the existing graduates in areas such as English and communication to make them employable in the IT-ITES sector (The Hindu, 2007). Indian industry and academia along with NASSCOM is working towards developing specific trainings and certifications to make
available industry ready and employable graduates for the ITeS-BPO industry so as to sustain India’s competitive advantage of educated young workforce.

5.5 Benefits Management in Indian ITeS-BPO:

Work-life balance has implications for employee attitudes, behaviors, well-being as well as organizational effectiveness (Eby et al., 2005). This has compelled organizations to introduce interventions to help employees manage the competing demands of work and family life, while being productive at the work place. Some of these interventions are: re-designing jobs to provide employees more autonomy and variety (job characteristics), providing benefits and policies such as flexi-time, insurance (work-life benefits and policies), providing social support (supervisor support) and developing a family-friendly organizational culture (work-family culture) (Baral and Bhargava, 2010). Work life benefits policies (WLBP) create a sense of assurance for employees that their organization/employer is supportive of employee wellbeing and non-work related needs. Some of the common benefits extended by the ITeS-BPO industry are subsidized food and transportation, company accommodation, interest free loans, higher educational support, routine health check-ups, insurance (life and medical), cafeteria, concierge service, ATM, corporate credit card, performance based pay, flexi-time work schedule, parties and picnics, birthday and anniversary celebrations, employee referral schemes etc.

Through the survey the study attempted to understand the various benefits extended to the employees at various ITeS-BPO organizations and the perception of the employees with respect to them. The survey also captured the significance of these benefits to the employees.

5.5.1 Accommodation and Accessibility:

Most employees choose to work in this industry in their own hometown. However, those who migrate from other cities expect the company to provide free accommodation. Transportation is the basic facility that is expected to be provided as the work timings are not fixed. However people are spending an average 60 minutes on travelling time. Though most respondents were by and large satisfied with the safety measures, there is still a concern among female respondents on the safety factors. This brings forth the fact that this industry will have to focus on this issue if it wants to remain attractive to female employees in future. It has been
observed during the survey that the employees viewed transportation as an essential facility and not an additional benefit offered by the company.

5.5.2 Amenities and Breaks:

The survey respondents were satisfied with the amenities provided and both male and female respondents showed almost similar levels of satisfaction. Though the breaks are controlled and short, participants opined that the breaks are reasonable or adequate. However, a significant number of respondents have shown their preference for a smoking break by male and female respondents every two hours. This brings to fore the fact that there is a significant change in lifestyle of the young people in India and habits such as smoking have become widespread among the young employee of the ITeS-BPO. This trend can be attributed to two factors: one to the increasing disposable income available at a young age and the other factor is the stressful and odd work timings. Few questions were posed to the respondents on the satisfaction with the various amenities provided to them. It was however noted that all amenities were rated at par and most of the respondents expressed that a good work environment is the minimum that one can look for in this ITeS-BPO industry. There was no significant difference in this expectation on quality amenities by either gender.

5.5.3 Work-Life Benefits and Policies (WLBP):

The survey respondents considered all the benefits equally important and there was a varying preference for each. There were equal number of respondents who considered a certain benefit as essential vis-à-vis does not matter. Employees were likely to vary in how useful they find a WLBP package based on their life stages and need; as a result some employees were likely to feel better supported by the organizations than others. Thus, there is a reason to suspect that employees’ experiences with benefits are indeed an indicator to how supportive they deem their organization. It was found that the survey respondents valued work-life benefits such as insurance, bonus/incentives and provident funds more than parties and get together, loans, and educational support. Given the fact that value of a particular benefit is associated with the life stage and need of an employee, ITeS-BPO organizations should make available a bouquet of benefits to the employee and make it possible for them to choose the benefits that they feel fit to their need.
5.6 Training and Development in Indian ITeS-BPO:

According to American National Association of Colleges and Employers, training opportunities, advancement opportunities and a good benefits package are the top three factors when deciding to work for an organization.

Investment in the training of workforce as part of the human resource strategy is beneficial to the organization as training could reduce attrition rates and consequently increase the Return on Investment (ROI) (Ichniowski and Shaw, 2003). Training has received considerable attention in the ITeS-BPO organizations since “domain competencies”, “are not available off-the shelf”. The organization has to take a lot of efforts to impart this knowledge to the entry-level employees. Typically, the training period for new recruits may range from a week to three months and is often handled by senior and experienced employees or specialized trainers.

Typically ITeS-BPO organizations conduct both initial and ongoing trainings comprising of hard skills and soft skills. The former relates to knowledge on products, services, procedures, technical and computer skills etc., whereas the latter refers to communication and interpersonal skills like conversation techniques, customer orientation, and dealing with anger and stress.

The survey respondents found the training provided by their respective organizations as sufficient to build the confidence levels of the employees to take up the prospective work at hand. Most of the survey respondents have undergone one month training with very few stating one week or three months training.

A study by Callaghan and Thompson (2002) suggest that call centers undergo such intensive training regimes in an attempt to address the indeterminacy of labor, in part, outside the labor process. The ITeS-BPO organizations also use strict regimes of recruitment and training as a means of avoiding selecting the wrong people and selecting people those who have appropriate values and skills to self-manage their emotional labor, and impart the appropriate technical skills. Another important aspect that plays a key role in determining the importance of training to ITeS-BPO organizations is the need for generalist or specialist skills. The survey respondents have all undergone training during the course of employment and have found it effective in building their confidence level. However, according to a study by Crome (1998) many call centers invest the bare minimum in customer service training because, with high staff turnover rate and low training budgets, development training is seen to be a ‘nice to
have’ rather than a “must have”. It is a vicious circle: staffs not given the training support to maximize their potential are more likely to leave and, with constant churn, achieving consistently high levels of service becomes a greater challenge, as the company constantly struggles to train new recruits in basic procedures and standards. However, according to NASSCOM ITeS-BPO organizations spend equivalent to 3-4 percent of their salary bill on training which highlights the importance given by Indian ITeS-BPO organizations on the training and development of its employees. Analysis also indicate that the training spend per employee in this industry is highest amongst the organized service sector (NASSCOM, Strategic Review 2011).

5.7 Career Management in Indian ITeS-BPO:

An exclusive ITeS-BPO career might not exist given the diversity and pattern of work in these organizations. The move towards short-term contracts and vulnerability to shifting markets and client demands (Taylor and Bain, 2001) seem to erode the possibilities of career-long employment (Appay, 1998; Atkinson and Meager, 1991; Heery and Salmon 2000). The employment structures and short job tenure suggest that ITeS-BPO represents a typical example of the new career forms. These organization have few levels i.e., a flat structure therefore a limited number of people could advance to the senior and executive levels. This sector is characterized in structural terms by flat organizations with reduced job ladders (Holman et al., 2007) and in turn by reduced possibilities for promotion. Job structures in many call centers have changed over the years to include more layered hierarchies as well as heightened skill and qualification requirements for employees. Among the survey respondents 66% of them felt that there are career advancement opportunities while the rest felt otherwise. This may be so because most of the respondents who were surveyed were agents or executives at the entry level and had long way to climb up the corporate ladder. Most of them saw themselves growing in the ITeS-BPO industry. Approximately 20% of respondents were exploring opportunities in other industries while 15% of the respondents had plans for pursuing higher studies. This reveals the nature of the workforce in ITeS-BPO and affirms to the fact that most people do not consider it to be a serious career option.

Some organizations tried to respond to the increased demand for customer service and workforce demands for recognition and career growth with pay increases for improvements in skills and performance. However, approaches focusing solely on pay increases met with little success. Employees were more interested in advancement opportunities. Promotion brought
formal recognition as well as changes in status and responsibilities (Moss, 2008). The addition of hierarchical layers is a major factor in creating internal labor markets with good career growth opportunities for employees. Interestingly, another contributing factor was that hiring supervisors and managers from the outside generally failed to deliver good results. Either they did not adapt to the work environment or did not exhibit the same degree of loyalty as the internally promoted counterpart.

Another coping strategy adopted by ITeS-BPO employees is to accumulate general and specific skills over time that contributes to meaningful work experiences and the construction of a career. This is similar to the strategy of blue collar workers for coping with limited opportunities as discussed by Thomas (1989).

As identified by Watson et. al., (2000) there are four types of employees, with different levels and foci of attachment to the ITeS-BPO, their organization and to their career in general. The career groups identified are vertical traditionalists, horizontal-bounded, horizontal boundary-less and non-linear ‘drifters’. The survey respondents voiced a strong interest in career advancement and most of the respondents felt that the next opportunity will come to them within a time frame of the next 1-2 year. From the survey respondents 53% can be identified as vertical traditionalist who aspires to make a career in ITeS-BPO industry itself while 28% are horizontal boundary-less, who regard their work as an opportunity to acquire skills that would lead to different career opportunity.

Though the emphasis on career development and training appears to be somewhat less in the Indian ITeS-BPOs compared to their Western counterparts because the Indian industry is still evolving, and management does not feel the need to invest in employee career development, mainly due to the presence of a large number of available graduates. However, farsighted managers and policymakers were realizing that there are many human issues in the Indian ITeS-BPO industry which needs serious attention if the industry has to continue enjoying its current success, including increasing attrition rates, psychological health and stress-related problems of employees, developing career-related policies, provision of more workplace flexibility, and creating a more interesting and enhanced work environment.

With the increasing costs for hiring, training, and retaining employees in the Indian ITeS-BPOs, the government could intervene and help by following the Singapore model where government supports training activities (Debrah et al., 2000).
5.8 Performance Management in Indian ITeS-BPO:

Whilst the management of ITeS-BPO strives for greater control over the work process and customer satisfaction, they face a quality versus quantity dilemma. Taylor and Bain (1999) stated that this is a perpetual and dynamic tension: should there be greater priority given to quantitative output or quality of service? ITeS-BPO organizations rely greatly on technology not merely to govern the pace of work but it also provides the means to assess the work and monitor workers (Callaghan and Thompson, 2001). This tends to focus on statistics generated by technology-intensive monitoring and surveillance, supplemented by a subjective system of call rating by supervisors or trained quality control team who listen in to calls and rate them according to a series of defined criteria. Such performance monitoring has been accused of creating stress, failing to address real-life work issues and demands, and intensifying the pace of work. Some of the commonly identified key performance indicators (KPI) in ITeS-BPO setup are customer satisfaction index, level of service, staff turnover rate, abandonment rate, wrap-up time (post call work), call duration or average handling time, occupancy rate, and number of calls per agent, which also emphasizes the quantitative measurement and ignores the qualitative aspect.

Most Indian ITeS-BPO firms under the present study follow a formal and structured approach to performance appraisal and typically follow monthly or a quarterly appraisal system in place. All the firms have a structured format and a clear set of parameters/KPIs for appraisals. Performance appraisal in all the cases emphasizes results. Majority of the studied organizations have an individual-based performance appraisal system, though some also go for a team-based system. Almost all the firms use some kind of rating scales, grading, or ranking system and set targets for appraisals.

As long as managers continue to assess performance by the quantity rather than the quality of the calls, employees will continue to become demoralized (MacDonald, 1998, 1998) and consequently do not perceive performance as the most important parameter for career advancement. This was revealed in the study.

5.9 Compensation Management in Indian ITeS-BPO:

Rewards play an important role in building and maintaining commitment among the employees in any organization, which ensures a high standard of performance and workforce stability (Young et al., 1998; Wang, 2004). Reward refers to all forms of financial returns and
tangible services and benefits an employee receives as part of an employment relationship (Bratton and Gold, 1994). According to Porter and Lawler (1968), rewards can be broken down into two types: extrinsic rewards and intrinsic rewards. Katz and Van Maanan (1977) have further classified work rewards into three distinct categories of task, social and organizational rewards. Task rewards are intrinsic rewards, while social and organizational rewards are extrinsic rewards. Extrinsic rewards are those that result from extrinsic, non-job-related factors, while intrinsic rewards are inherent in the content of the job itself. Though intrinsic rewards are more powerful indicator of commitment than extrinsic rewards, availability of promotional opportunities could help build organizational commitment among its frontline employees in ITeS-BPO.

Survey respondents expressed that equity exists among the peers within the organization; however with the peers from other company there is disparity and it is felt that peers in other company earn more by means of incentive, bonus, and increments. This could also be due to the fact that this sector is not organized in terms of the compensation guidelines and is driven more on the demand and supply of manpower. Due to the labor shortage in the ITeS-BPO industry, organizations striving to compete for scare human resources must ensure that their compensation packages are competitive because extremely tight labor markets provide employees a wealth of opportunities (Cappelli, 2000) so they can afford to be choosy. Salaries at least shall be par with the market and firms should employee innovative methods of non-monetary compensation to keep the organization attractive to its internal work force. All the ITeS-BPO organizations have a defined wage structure and provide a competitive compensation package to attract and retain employees. The pay and benefit scheme is attached to grade, total work experience, and employee performance and skills. The bonus schemes are individual-based at the junior management level in all the sample firms. However, it is level-based at middle and senior management levels.

As a matter of fact, it has been said that “ever since the Phoenicians invented money, there has been only one way to show appreciation for job well done” (Hale, 1998). Research has also shown that financial incentives affect retention by enhancing employee engagement and commitment (Higginbotham, 1997).
5.10 Retention Management in Indian ITeS-BPO:

Employee turnover is one of the major challenges facing the Indian ITeS-BPO industry. They report attrition to be somewhere around 15 to 50 in their organizations. However, other sources indicate that, the turnover in fact, is much higher. In fact it is one of the most pressing problems faced by the Indian ITeS-BPO industry (Singh, 2005; Taylor and Bain, 2005). Retaining professionals requires the creation of a work environment that provides sufficient opportunities for learning and a reward system based on a transparent performance measurement system. It is found that 38% of agents stay on a job for 1 to 2 years, and 30% stay for 6 months to 1 year. The main reasons for turnover were low salary, lack of career path, and burnout (“Reader board” January, 2001).

According to Maslow’s hierarchy of needs, individuals experience various needs at different points of their life. Similarly an organization has to frame the compensation benefits, salary incentive structures matching the age of employees rather than uniform across the board.

When asked about the three main motivators for ITeS-BPO employees, money (good salary), career opportunities, and work environment are rated higher than others such as benefits (including facilities), allowances, recognition at work, growth, company brand name, opportunities for personal growth, and better treatment from clients. The main reasons as per the study for employees leaving include better career opportunities outside India, monotonous and stressful work, leaving for higher studies, strong job market, attracted to branded companies, health-related reasons, lack of career advancement, job security, and growth prospects elsewhere.

Many ITeS-BPO organizations are adopting some basic measures to retain employees, including salary surveys to stay abreast of the market, culture-building exercises for employees, exit interviews, counseling, employee development programs, rewards and recognition.

5.11 Stress Management in Indian ITeS-BPO:

Stress is the reaction that people get due to excessive pressure or other types of demand placed on them.

Our survey goes after an earlier study by D'Cruz and Noronha (2008), which states that it is work conditions and not customer interaction which is the source of employee stress. The
findings are consistent with earlier research that has reported that job related stressors, especially work overload, time pressures and role conflicts are more strongly associated with emotional exhaustion than client-related stressors such as interactions with difficult clients (Lee and Ashforth, 1996; Schaufeli and Enzmann, 1998). Further, Schaufeli and Enzmann (1998) argue that the high correlations reported between workload and emotional exhaustion may result from the conceptual overlap between task- and client-related job characteristics.

More than 60% of the surveyed reported some form of stress and lifestyle related ailments such as blood pressure, diabetes, obesity and back pain. Most participants also reported some work related ailments that they suffer from occasionally such as sleeping disorder, eyesight (watery eyes/redness/blurring), digestive system, anxiety/ depression, lethargy/fatigue, ear (hearing problem), chest/respiratory (cold/cough), voice loss/hoarseness, back pain. The most prevalent among these are Eyesight (watery eyes/redness/blurring), Fatigue and Digestive System disorder. Psychologists note that many young individuals employed in ITeS-BPO are vulnerable to burn-out stress syndrome (BOSS), symptoms of which include chronic fatigue, insomnia and alteration of the body’s 24-hour biological rhythm (George, 2005).

Thus, stress is a very critical problem faced by the ITeS-BPO industry and steps have to be taken to counter its effects. Some of the most widely used steps are stress management training; job rotation and team building exercise. Few organizations also carry out psychological testing during the time of recruitment to identify employees with an aptitude and natural inclination to customer facing roles, thus ensuring more appropriate person job fit.

Another contributing factor is the work setting itself, the ITeS-BPO facilities are located in buildings that are sealed and the temperature, air condition and humidity levels are controlled by Building Management Systems (BMS). The lack of fresh air and open windows, create micro-climates, which has been linked by the World Health Organization to the phenomenon of ‘sick building syndrome’ (HSE, 1995). This would further exacerbate by the extremes of temperature and humidity during the monsoon period experienced in India (Taylor and Bain

5.12 Limitations of the Study

Several limitations must be acknowledged. First issue concerns the use of more objective HR practices measures. All measures reported were self reports and as perceived by the respondents. Due to time constraints a sample of 151 has been used. However, the study could
be replicated with a larger sample to study if the results differ. The research design in this study was cross sectional and it was hence not possible to infer a causal relationship. Undertaking research at one period in time can only reflect that period in time. A greater focus on longitudinal research designs may give a better understanding of the evolving HR processes and practices and the consequent impact on the ITes-BPO industry in India. Indeed, ITes-BPO professionals’ perceptions regarding HR practices may differ from a more objective assessment of these practices obtained via interviews with executives and/or HR professionals.

Another potential limitation of this study involves sample size and the number of practices explored. As it turns out, the exploration of all HRM practices, as well as the examination of both the perspectives of HR Managers and ITes-BPO professionals resulted in a wealth of data to analyze and report in such a short time. In an attempt to build theoretical themes, some of the more detailed information pertaining to each of the practices was not dealt with. In retrospect, a better method of exploring the topic would have been to preserve the perspectives of the HR Manager and ITes-BPO employees, but to limit the practices to one or two dimensions, and to increase the number of organizations and participants studied.

Another limitation of this study is that the survey was analyzed with the help of non-parametric tests. When compared with the usage of parametric tests, non-parametric tests may not be very sharp, exact or effective. Non-parametric tests have fewer and less stringent significant assumptions i.e. these tests do not make an assumption about the parameters of the population and thus do not make use of parameters of distribution. Nonetheless, the application of these tests provided conclusive evidences in the absence of a sizable data.

Recognizing the considerable market segmentation in the industry, ranging from non-complex call centers to more complex high-end activities the studies coverage of all types of ITes-BPO organizations in the study presents yet another limitation. This limits our understanding on the underlying differences that may exists in the HR processes and practices within the industry itself.

Finally, it is important to bear in mind that the study was limited to ITes-BPO industry in India. This industry has a global presence in both developed and developing economies. Limiting the study to India gives the perspective of the Indian industry excluding the learning and experience that can be gathered from the mature markets as well as emerging markets. A
A cross national study would give a comparative understanding of the various HR processes and practices and its implications of the industry.

5.13 Directions for Future Research

The study of human resource management practices in various industry segments is not new to academia, however the present day socio-economic factors and role of human resources in building and retaining the competitive advantage of the organization in the ITeS-BPO industry brings the understanding and identification of these processes and practices to the forefront. The present study was a systematic exploratory study of the human resource practices in the ITeS-BPO industry in India. It explored the various processes and practices followed in the Indian ITeS-BPO organizations. While the findings from this research maybe of significance for the Indian ITeS-BPO organizations and the researcher, any singular study provides but one step along the evolutionary path of theory and practice in a given field. Given below are some suggestions for future research

First, study of specific human resource practices should be undertaken and analyzed to understand the impact of specific practices on the overall people attractiveness index of the organization. Second, a cross national study will help gain a better understanding of the differences in the various markets and the HR practices and processes that has contributed to the success of Indian ITeS-BPO industry.

The sample size of present study is large enough as exemplified by some primary research surveys conducted earlier but does not allow the use of various parametric tests particularly, multi-variate analysis. Future researchers may conduct a study on a larger sample and analyse the findings using parametric tests for better accuracy and efficiency. Different methods of investigations like case-study, participatory action research or benchmarking study may further help in augmenting the depth of knowledge in this area.