

Impact of Global Economy Crises on Employee Attrition in BPO Industries in Bangalore

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ABSTRACT

The research is the full-scale discussion of the employee's attrition rate in BPO industry; to give the information regarding the complications that the companies all over India face. Attrition is an enormous problem for any company which creates negative bottom line impacts. Employee turnover costs can amount to thousands of dollars, annually. It can also prevent companies from pursuing their growth opportunities and acquiring new business. As there can be many reasons for the employees' turnover like they want more money, hate the working conditions, hate their co-workers, want a change, or because their spouse gets a dream job in another state. In the project we have collected the information from many different BPO organizations in Bangalore and got the details from the employees directly about different aspects regarding the job and the organization and their opinion about the employees' turnover in the organization and reasons for them to leave the organization. Based on this data we have made all the findings and found out many interesting aspects regarding the Attrition in BPO organization. We are giving information regarding the reasons for the high rate of employee turnover in the BPO organization. This we are trying to accomplish by doing a survey in some of the BPO companies and collecting the information from the employees about their opinion of what could be the reason for them to leave the organization.

Keywords: attrition rate, BPO, employee relationship, human resource

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INTRODUCTION

Employee turnover costs can amount to thousands of dollars, annually. It can also prevent companies from pursuing their growth opportunities and acquiring new business. In the best of worlds, employees would love their jobs, like their co-workers, work hard for their employers, get paid well for their work, have ample chances for advancement, and flexible schedules so they could attend to personal or family needs when necessary. And never leave. The tangible aspects are: loss of knowledge capital, delay in execution of projects/assignments, loss of production, and increasing cost of recruitment.

On the intangible front, it would result in: impact on employer brand, burden and

burn-out on existing employees, internal information and knowledge is being shared outside; existing team also gets de-focused/de-motivated for some time.

Attrition in IT-BPO

Attrition has become very rampant in the industries of high growth sectors of the economy BPO industry. According to the Ekta consulting leader, Hewitt's Packard Business, Chennai, "Attrition rates in the BPO industry varies from 24 percent to 40 percent." Attrition not only increases the overall cost of operation but also increase recruitment and training cost on the employees. But rate is really alarming in this sun rise industry. Attrition means not include loss of talent, but also includes the cost of training and hiring the new recruits.

An average Indian call center employee works with a company for 11 months, whereas an average UK call center employee stays in a company for 3 years. So, it is mandatory for it is expected that the attrition rates would come down once the growth stabilizes.

REVIEW OF LITERATURE

According to the [1], stated that the global business scenario was changed to the Business process outsourcing (BPO) and BPO was on the top of economy growth to India. The workforce comprises mostly on commitment of employees, knowledge of workers and aware of market realities basically focused on materiality of higher propensity to switch jobs. The challenge of acquiring new talents and retain the existing talent employee. He focused on explore the reality of attrition problem in the BPO sector and study was attempted to explore the reality of attrition problems in the BPO sector. He focuses employees working in BPO near to Delhi, India.

According to the [2], stated that Business process outsourcing industry in India has always been characterized by ungodly hours, monotonous job, low perceived value, dispirited efficiency resulting to high attrition level. To retain the talent employees was very difficult job for the employer. In his article he explains how demographic variables are associated with the employees' satisfaction of the employees worked in business process outsourcing.

Research Design

The study has adopted descriptive research design. Through this, the topic is studied thoroughly, and it is presented by giving necessary findings and conclusions.

Statement of the Problem

Business process outsourcing is the process of tapping the right pool of talent which is affordable Indian. The right kind of manpower results in cost saving and

enhances productivity. The skilled workers are considered as assets of the organization as; they play an important role in organizations success.

Attrition in the BPO industry is one of the biggest issues which the growing ITES industry in India is facing. The effects of attrition are wide varying and impacts the firms in terms of losses (due to training and administration cost, high recruitment cost), incompetent processes, inability to offer services for highly technical process, etc [3].

Objective of the Study

- To analyze various factors affecting the attrition rate in BPO organizations.
- To understand satisfaction among the employees of BPO organizations.
- To analyze the gaps in the employees' expectations this needs to be filled up.
- To understand employees' perception towards BPO organization.
- To analyze the quality of work life in BPO organizations.
- To understand the opinion of employees regarding job security.
- To analyze the methods used to motivate employees in BPO organizations.

Need for the Study

The young business process outsourcing industry in India has been struggling with high attrition rates. There is a feeling, especially among HR Managers, that while there is market dynamics involved in the demand–supply gap, there certainly is a need to find better ways to retain the young and well-trained workforce at the agent level.

Scope of the Study

The high cost of attrition in the established BPO organizations – whose major challenge is to ramp up and train the workforce quickly to translate the business

opportunity into revenue dollars – has already been felt and documented extensively in the media. Every BPO organization seems to be trying to reduce their attrition, percentage point by percentage point [4].

Limitations of the Study

- The study is confined to few organizations in the Bangalore city.
- Some of the respondents are hesitated to give required information.
- The limitation of time horizons is another constraint of this study.
- Respondents may have marked the answers in the questionnaire, which was socially desirable irrespective of their actual feelings.
- It is assumed that there is no influence of any person, for e.g. a colleague/peer while filling the questionnaire.

RESEARCH METHODOLOGY

Type of Research

The research is primarily qualitative in nature. The study is based on data collected through structured questionnaire from the respondents [5].

Methods of Sampling

Sampling Method

Random sampling has been used to collect the data. According to this method it is assumed that entire population is homogeneous and the samples will be selected in such a way that each and every unit of population has equal chance of occurrence or equal probability of occurrence.

Data Collection

Primary data – The data collected from primary sources are raw data (Questionnaires). Secondary data – Research Articles

Sample Size

The sample size is 50 and it includes opinions of various employees of the BPO organizations

Sample Procedure

Sampling is necessary when the population is too large, or when the researcher is unable to investigate all members of the target group. Random and systematic samplings are the best methods because they guarantee that each member of the population will have a known non-zero chance of being selected. The mathematical reliability (repeatability) of a measurement, or group of measurements, can be calculated, however, validity can only be implied by the data, and it is not directly verifiable.

Plan of Analysis

The data collected from the questionnaire have been synthesized in the form of tables and tabulated data has been analyzed.

- Percentage is calculated for each and every table.
- Analysis and interpretation is done based on primary data.
- Inference is drawn from the analysis of primary data, to attain the objective of the study.
- The primary data are diagrammatically represented.

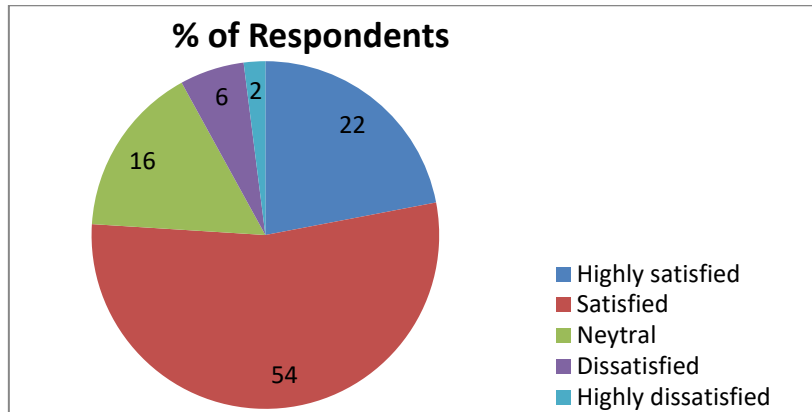
Data Analysis

Interpretation

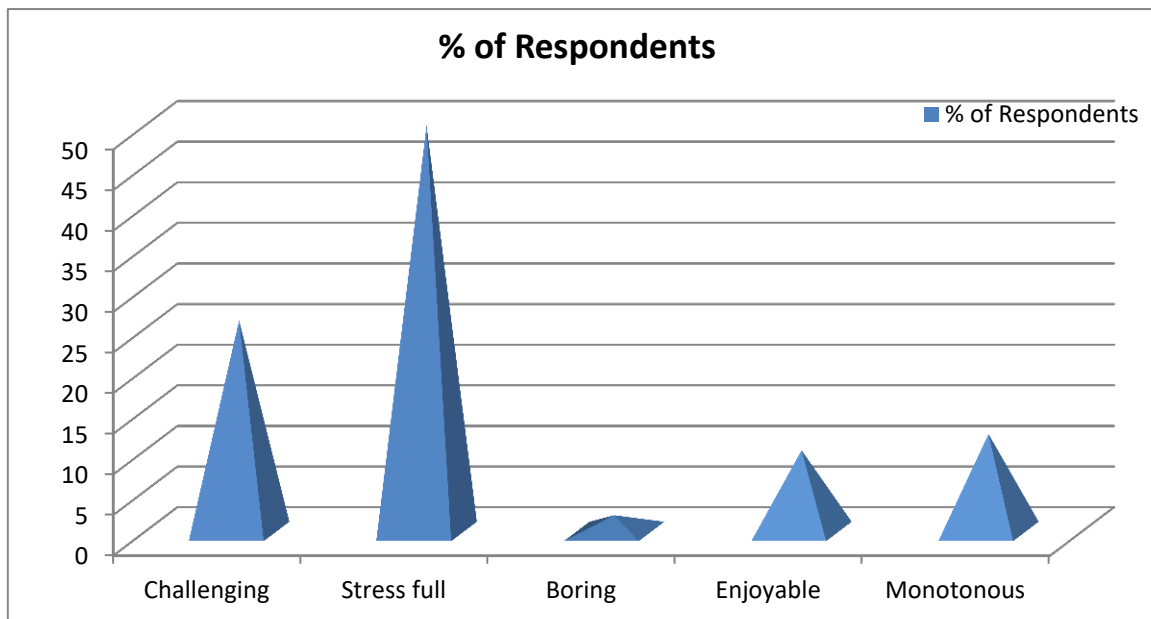
Form Graph 1, we can interpret that more than 66% of the employees are satisfied with the company they are working which is good for both employees and the company.

Interpretation

So, it is clear that more than 50% of the employees think that the job is stressful and repetitive in the company's (Graph 2). As of rest they have different perceptions regarding their work [6].



Graph 1. Graph depicting the satisfaction level of employees.

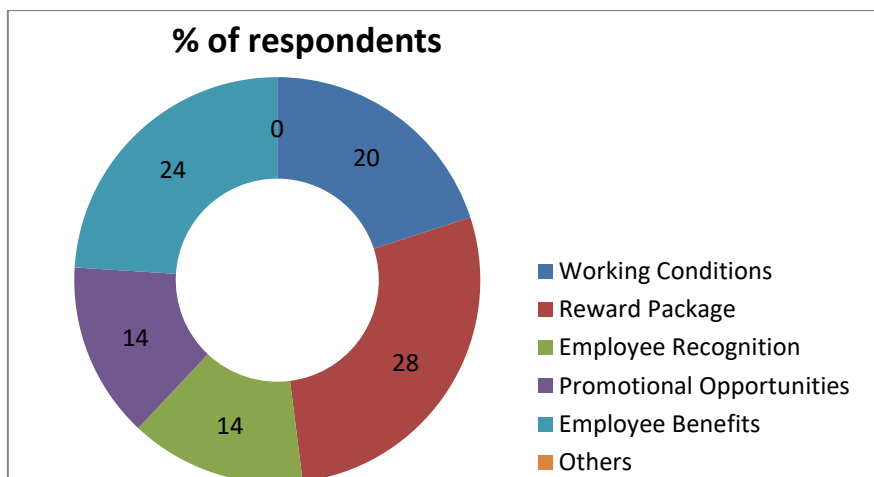


Graph 2. Graph depicting the opinion of employees about their jobs.

Interpretation

From Graph 3, we can make the interpretation that the employers should

give the recognition that the employees expect out of them and proper benefits for the work they do.



Graph 3. Graph depicting the state of affairs the employees is not happy.

Interpretation

This show that more than 50% of the employees are not happy in regard to the rewards received for their performance, which in turn may be the major cause for the employee turnover (Graph 4).

Interpretation

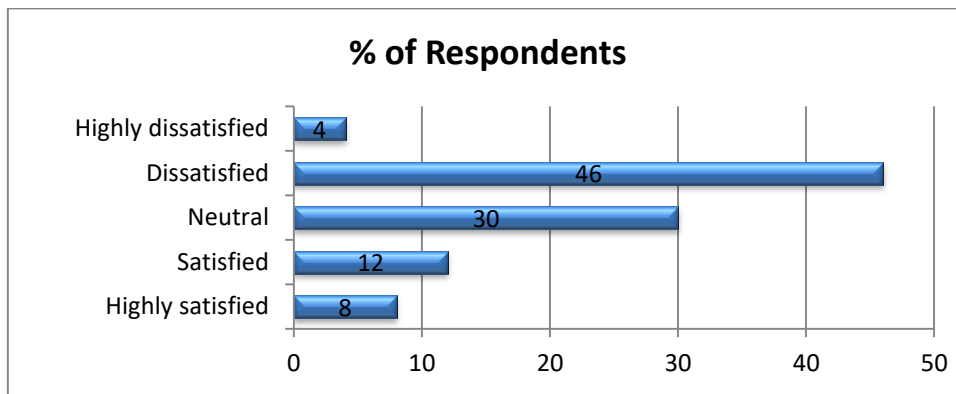
Form the analysis (Graph 5), it is clear that the training program is not structured effectively in the company.

Interpretation

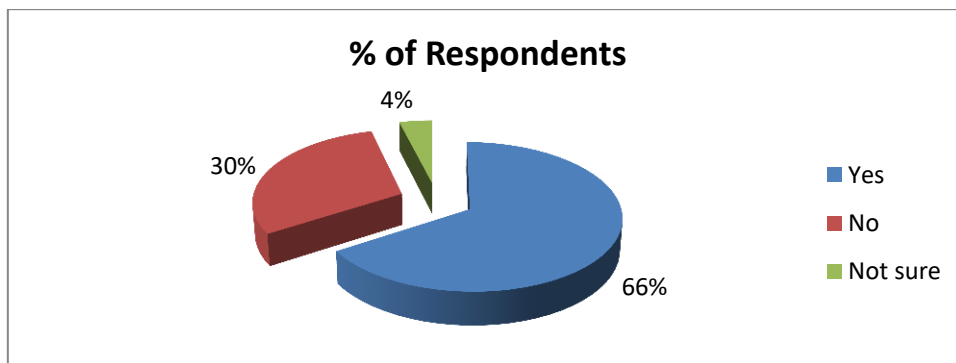
Form Graph 6, it is clear that the impact of the training is satisfactory to the employees and it is provided regularly to them.

Interpretation

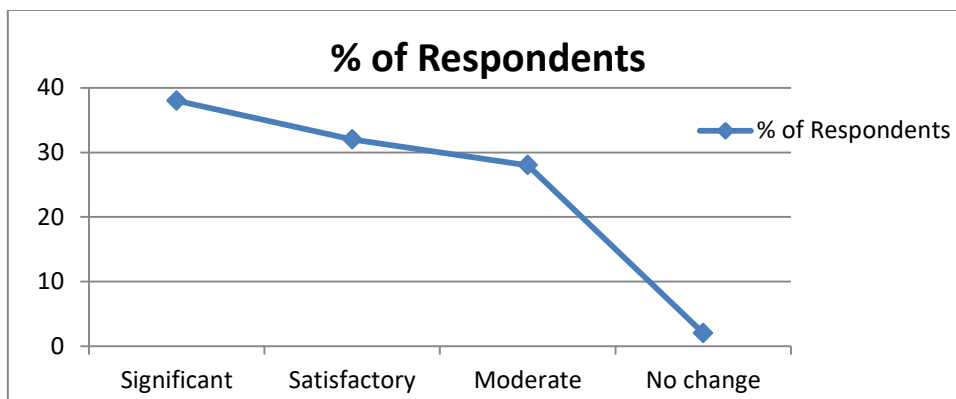
From the study (Graph 7), it is clear that more than 60% of the employees agree that there is a significant increase in their knowledge/skill due to the training provided by the company.



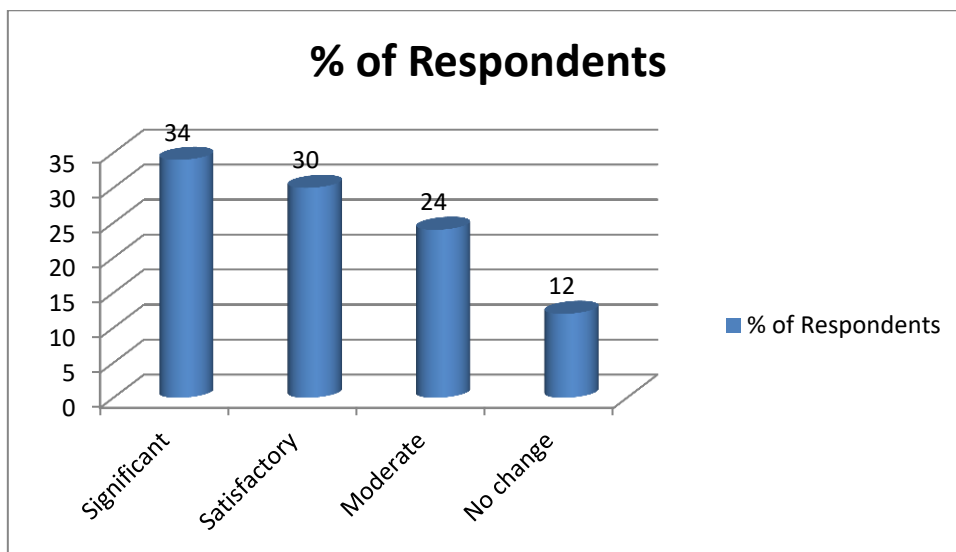
Graph 4. Graph depicting the satisfaction level for rewarding the better performance.



Graph 5. Graph depicting the response level for the effectiveness of the training provided.



Graph 6. Graph showing the significance level of overall impact of training.



Graph 7. Graph showing the significance level of effect of training on increase in knowledge/skill.

Interpretation

Form the study (Graph 8), we can interpret that there is an improvement in the job functioning due to the training provided by the company, due to the increase in knowledge of the employees about the job they are performing.

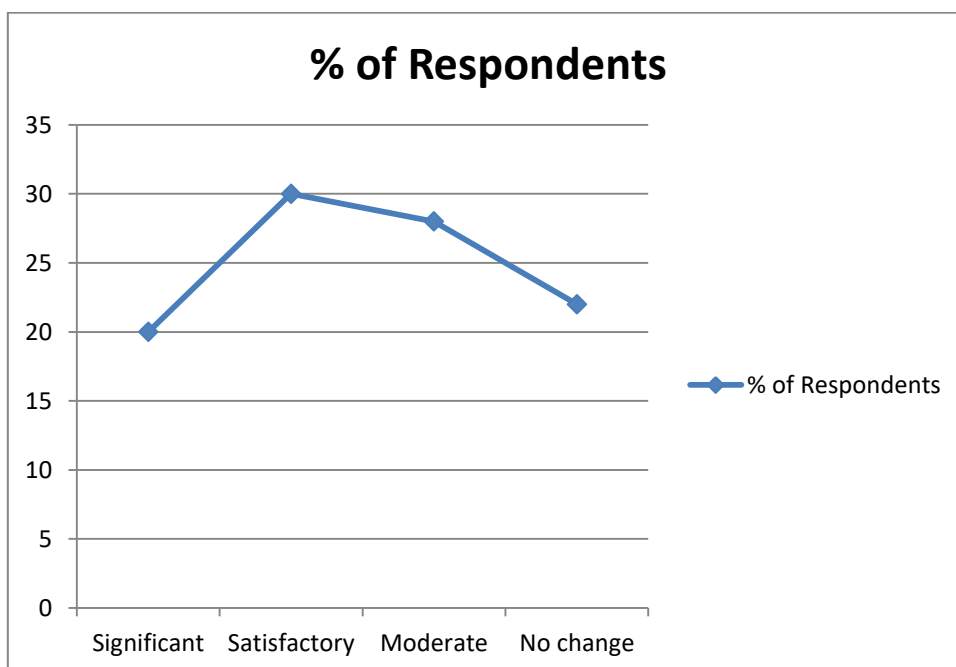
Interpretation

The analysis indicates that more than 60% of the employees are satisfied with regards

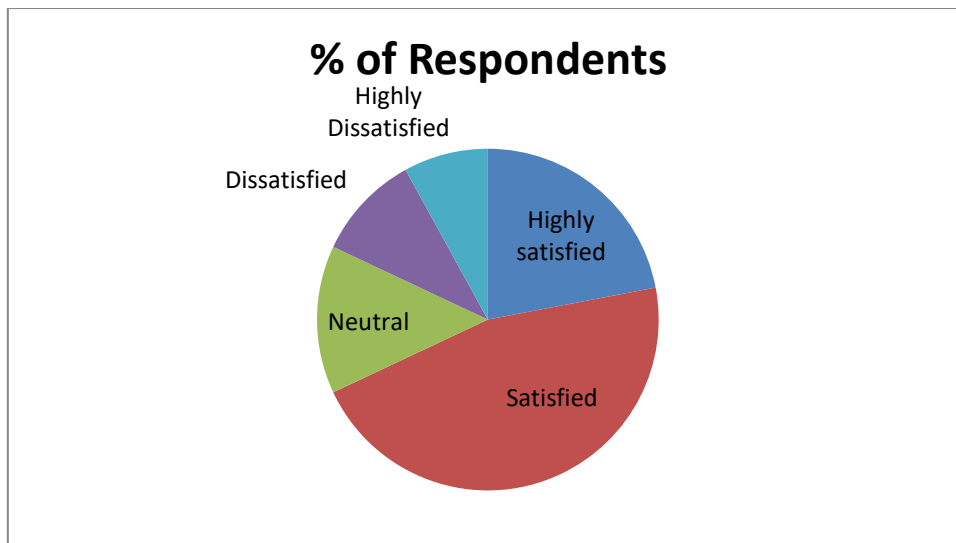
to the style of management in the company and the rest are dissatisfied (Graph 9).

Interpretation

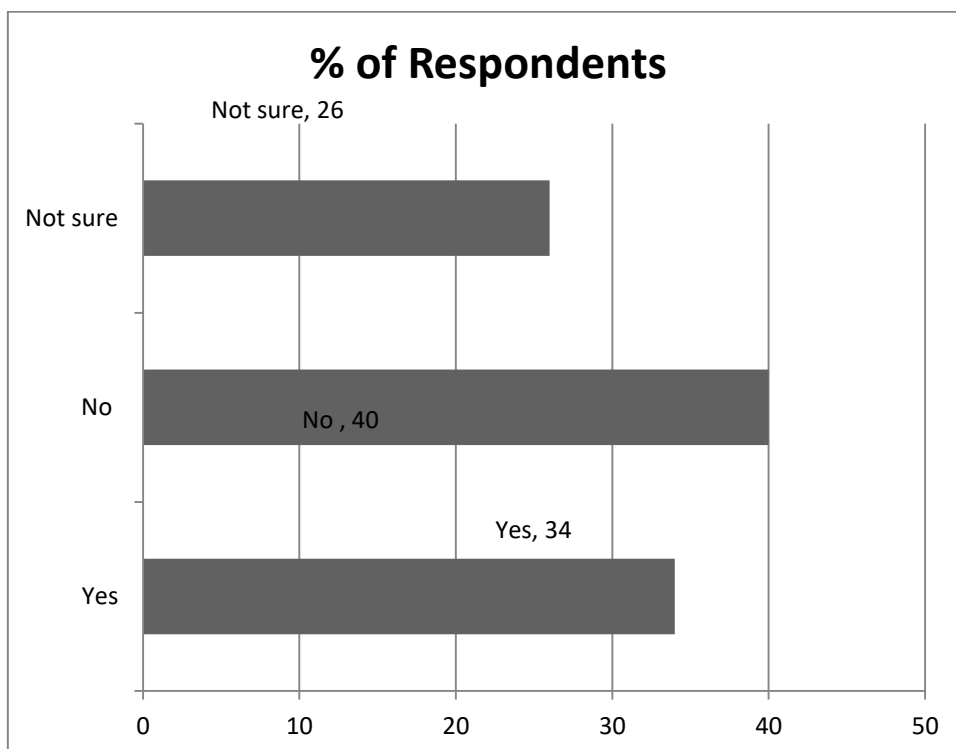
Suggestion schemes are encouraged to a certain extent in some companies and this shows that the company is open for ideas and suggestions given by the employees, which is very beneficial for the company’s betterment and also employee’s welfare [7] (Graph 10).



Graph 8. Graph showing the significance level of effect of training on improvement in job functioning.



Graph 9. Graph depicting the satisfaction level of respondents over the present style of management.



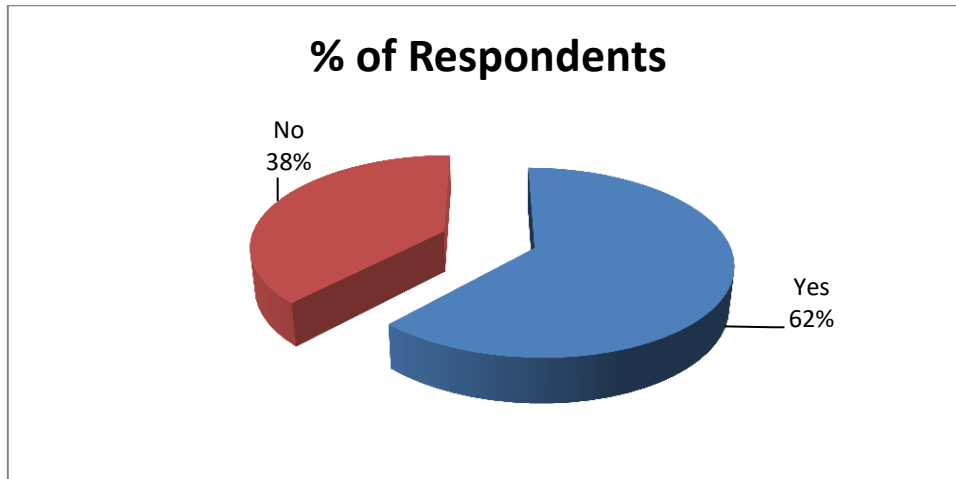
Graph 10. Graph depicting the opinion on the encouragement received for the suggestion schemes.

Interpretation

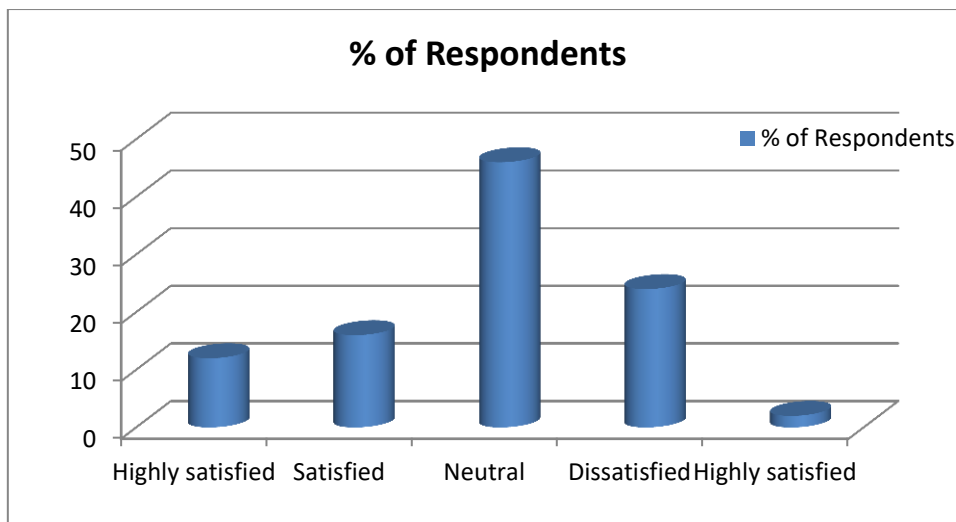
As per the employees’ review, we can interpret that there is lot of opportunities for oneself to get promoted which definitely acts as a motivator for employees to perform better and excel to higher positions (Graph 11).

Interpretation

Form the study it is clear that majority of employees is not happy with their salaries and have expressed dissatisfaction towards the salary they receive, and this can be considered as the primary reason for the high turnover rate in all companies (Graph 12).



Graph 11. Graph depicting the promotional opportunities provided in the company.

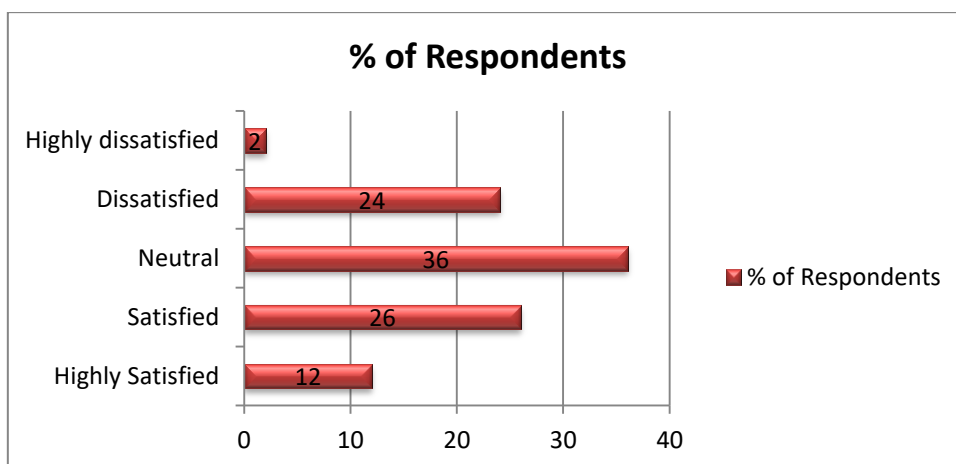


Graph 12. Graph depicting the salary satisfaction level of employees.

Interpretation

Form the study we can interpret that more than 50% of the employees are not very

satisfied which again is a clear indication for the high attrition rate of employees (Graph 13).

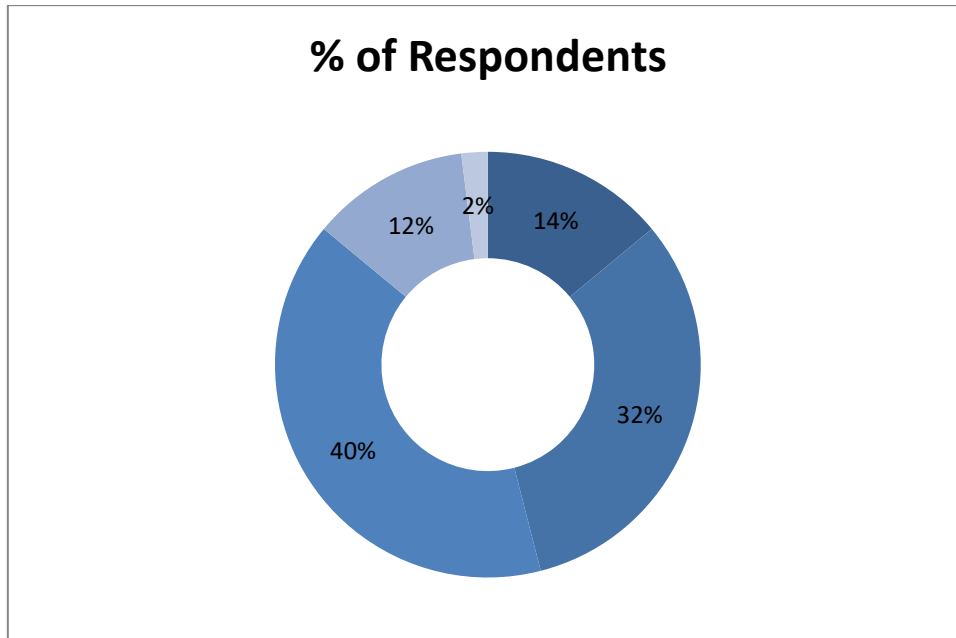


Graph 13. Graph depicting the satisfaction level of employees regarding the benefits they receive.

Interpretation

From the analysis (Graph 14), we can interpret that the work load is at considerable level; hence, most of the

employees are not feeling over burdened with depicts that the company is not exploiting its employees and keen on its employees' good health.

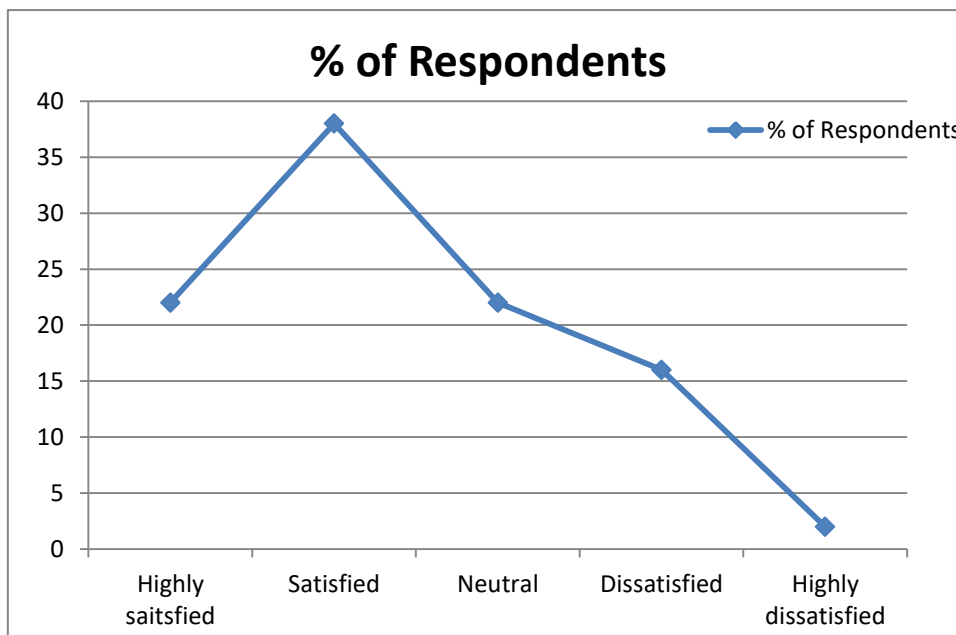


Graph 14. Graph depicting the feeling of employees on the amount of work they are assigned to.

Interpretation

Form the analysis (Graph 15), we can interpret that there is no much threat of

being thrown away form job unless and the employees view their job as safe and secure.

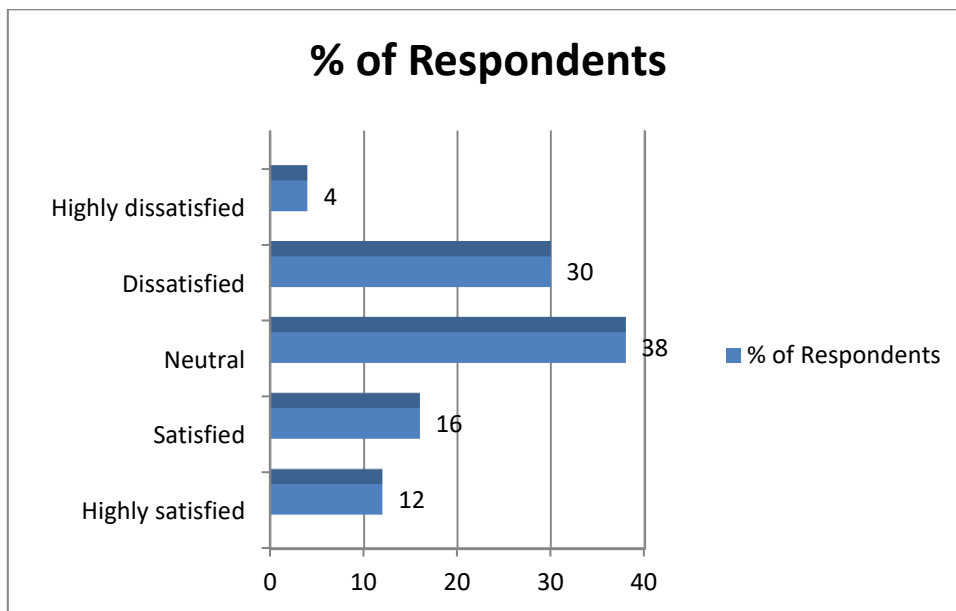


Graph 15. Graph depicting the extent to which the respondents feel their job as safe and secure.

Interpretation

Form the study (Graph 16), we can interpret that Employees feel that they lack recognition from their superiors which can

be termed as one of the causes for the high turnover. Employees are happy and feel good and perform better only when they are recognized.

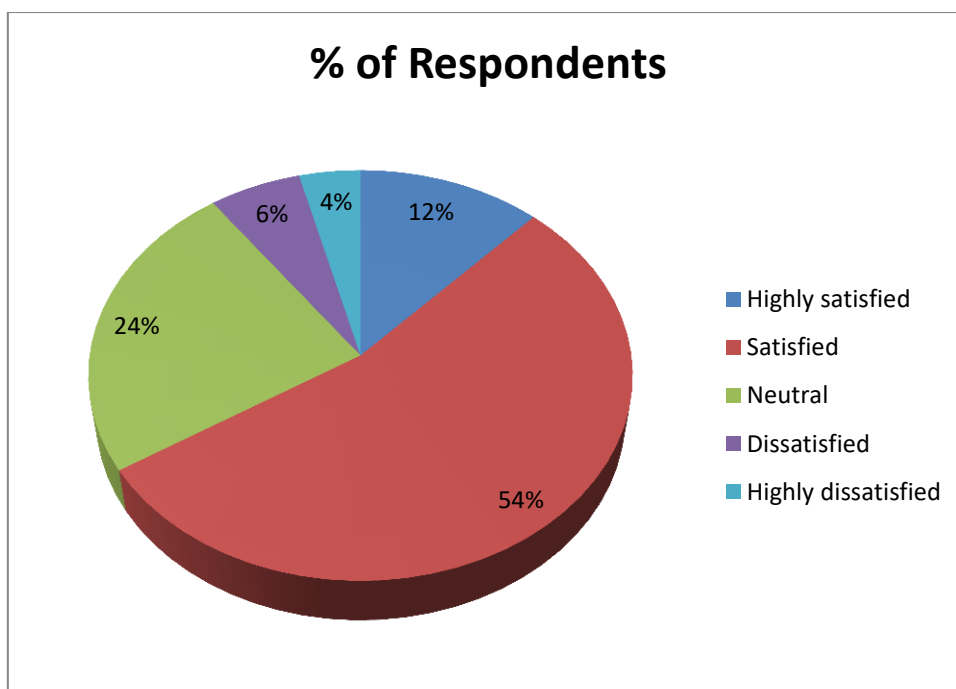


Graph 16. Graph depicting the view of respondents regarding the recognition received from their superiors.

Interpretation

So, with regard to the relationship with the peers the employees are completely satisfied this shows that there exist

friendly working environments with co-operation existing within each other (Graph 17).



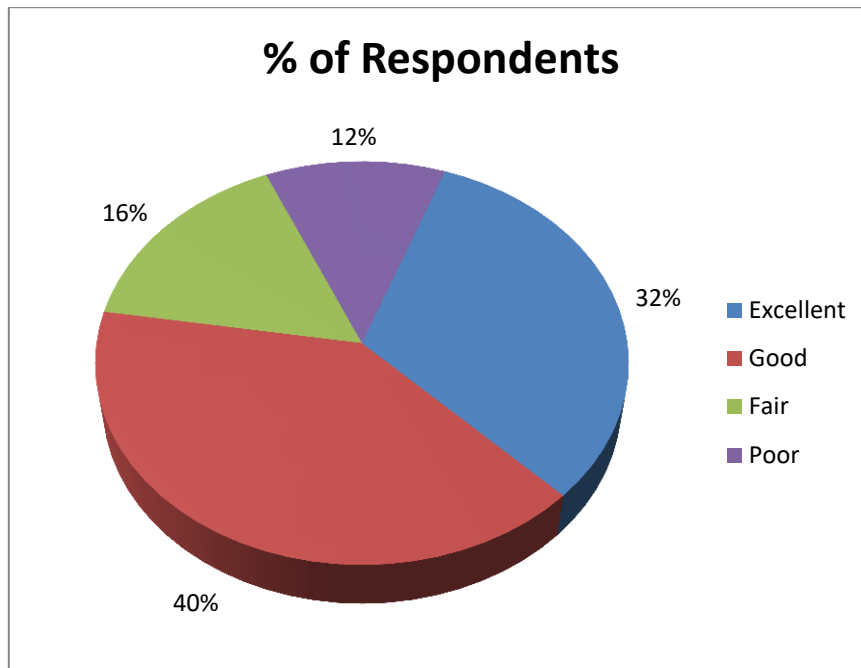
Graph 17. Graph depicting the rater’s relationship with their peers.

Interpretation

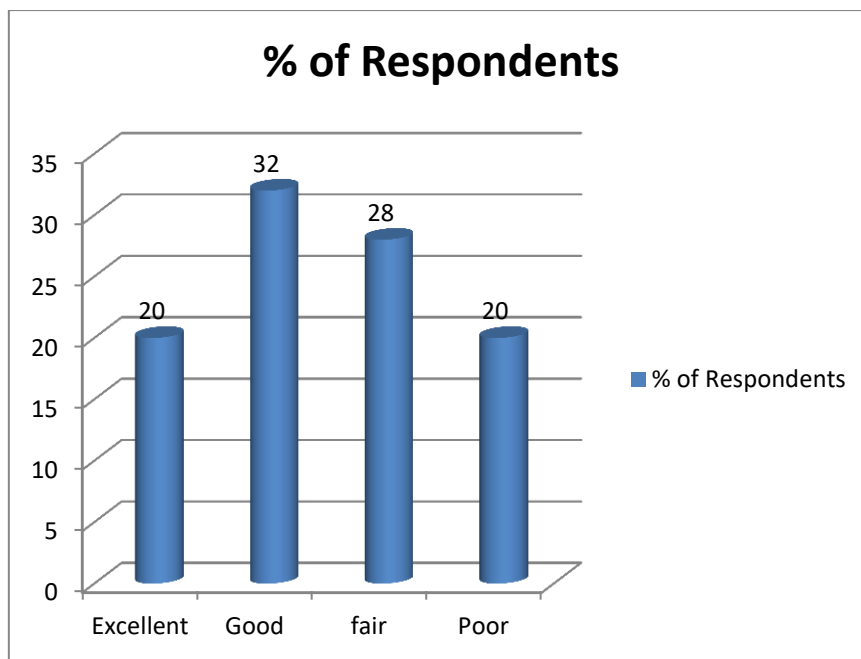
Form the analysis (Graph 18), we can interpret that more than 70% of the employees are satisfied with the employee feedback system which allows the company to know what the employees feel about the company and the job they are performing and the state of all the affairs inside the organization [8].

Interpretation

Form the analysis (Graph 19), we can interpret that career growth has been rated very low by the employees, which acts as a major threat to the existing employees as well as the new recruits; this may as well lead to turnover to a greater extent.



Graph 18. Graph depicting the rater’s view on employee feedback system.

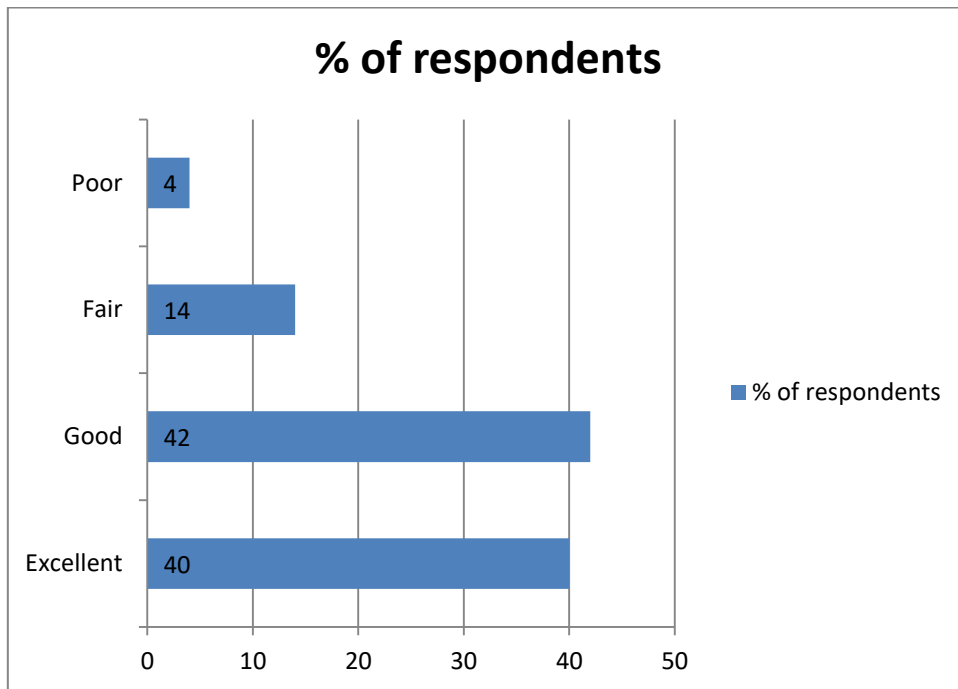


Graph 19. Graph depicting the rater view on the career growth excellence.

Interpretation

The rating on the company growth excellence shows that the company is

growing well in the society which is a very good sign for the employee’s growth as well (Graph 20).

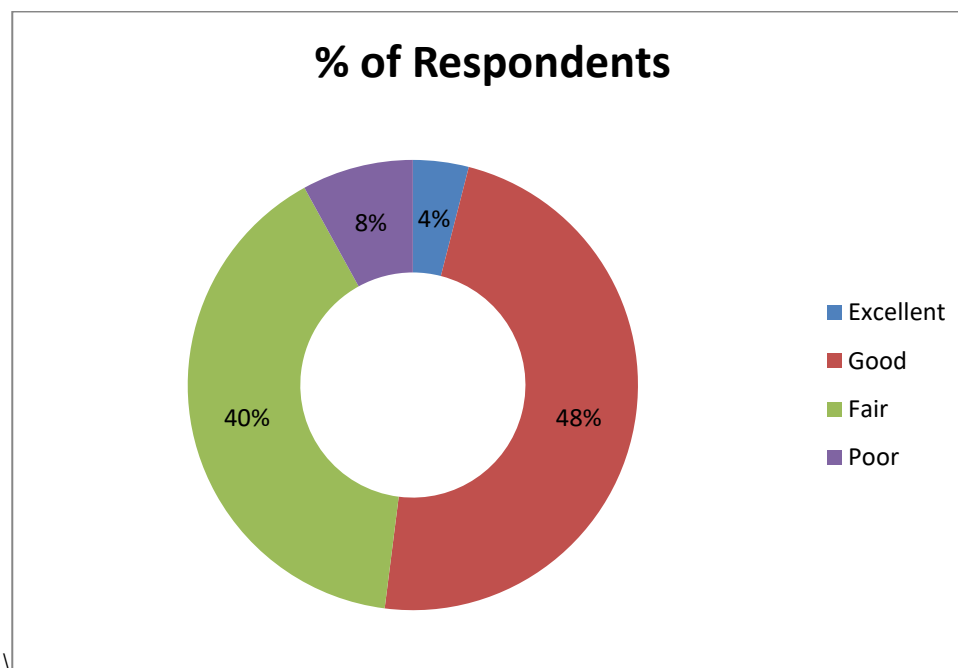


Graph 20. Graph depicting the rater view on the company growth excellence.

Interpretation

Form the analysis (Graph 21), it appears as though the formal jobs are not structured efficiently leading to an imbalance

between work life and personal life as the fair and poor ratings exceed that of the good and excellent ratings.



Graph 21. Graph depicting the rater view on the balance between their work life and personal life.

Hypothesis Testing

Ho: BPO companies are not supporting employees to improve their skills.

Ha: BPO companies supporting employees to improve their skills.

Observed value (O)	Expected value (E)	O-E	(O-E) ²	(O-E) ² /E
8	10	-2	4	0.4
18	10	8	64	6.4
17	10	7	49	4.9
5	10	-5	25	2.5
2	10	-8	64	6.4
50				20.6

- Degree of freedom: $N-1 = 5-1 = 4$
- Level of significance: 95%
- Chi square table value: 9.4877
- Chi square calculate value: 20.6

Chi square table value is lesser than calculate value, hence null hypothesis is rejected, i.e., BPO companies is supporting employees to improve their skills.

Findings

- From the study it is found that there has been an overall satisfaction of employees for the company they are working which is good for both the company and the employees.
- It is found from the study that majority of the employees think that the work is stress-full, and some also think that the work is boring because of doing repetitive job daily.
- It is also found that the employees are not satisfied with some of the company affairs like employee recognition to a great extent and employee benefits and working conditions
- The study reveals that the reward for better performance to the employees is insufficient.
- The study reveals that the employees agree that there is a significant increase in their knowledge/skill due to the training provided by the company.

- It is found from the study that suggestion schemes are encouraged to a certain extent in some companies and this shows that the company is open for ideas and suggestions given by the employees, which is very beneficial for the company's betterment and also employee's welfare.
- As per the study we can say that there is lot of opportunities for oneself to get promoted which definitely acts as a motivator for employees to perform better & excel to higher positions.
- It is found that there exists a friendly environment internally and there is not much emphasis on being too formal, due to which their relationship among peer group is beyond satisfaction.
- From the study it is clear that there is dissatisfaction with regards to an opportunity to enhance skills which means, the company is extracting a similar job with no enhancements/changes in job.
- It is found that career growth has been rated very low by the employees, which acts as a major threat to the existing employees as well as the new recruits; this may as well lead to turnover to a greater extent [9].

Recommendations

- To reduce early turnover, take time to guide new employees and make them feel welcome i.e. a proper induction program has to be designed. By making this initial investment, employees are more likely to succeed, achieve personal satisfaction and remain with the organization.
- Reduce turnover by praising, recognition programs, acknowledging accomplishments at certain occasions and showing people that you are interested in them.
- Give employees bonuses, stock ownership, share the profit and give incentives to increase commitment.

Effort and intensity will increase when people have a stake in the outcome.

- Keep the employees informed. Make them aware so that they know how their performance is related to the contribution towards company's goals and bottom line.
- Encourage open door policy. Allow employees to ask questions, contribute ideas and resolve issues, encourage employee feedback system to reduce employee turnover.
- Salaries should be on par or even slightly higher and should be competitive enough when compared within the industry and within the geographic area.
- Provide additional benefits like flexible work hours, paid time-off on birthdays, wedding anniversaries, etc.
- Promote an internal job posting that allows employees to search for new postings and expand their opportunities within the organization without having to look external to the organization thus reducing employee turnover.
- Organization must place importance on programs and benefits that help provide a balance between work life and personal life. Programs may range from flexible schedules to onsite massages to child care assistance to fitness club membership, etc.
- Provide opportunities for higher educational facilities including tuition reimbursements.

CONCLUSIONS

The following conclusions have been made based on the findings acquired. The conclusions are in line with the objectives stated for the purpose of the research: The first objective of this research was to determine the reasons for the high rate of turnover which were lack of high salary and benefits for the employees and there are no opportunities for career growth. The second objective of this research was to identify the department/grade where rate

of employee turnover is abnormally high. The research revealed that the turnover rate was high at the initial stage of working of the employees. The third objective was to check the level of satisfaction among the employees in the organization and it was found that the employees had a healthy relationship with their peers. The employee perception towards the BPO organization varies from person to person and also varies with the level of experience and what kind of job they are doing in the organization. The research also shows the quality of work life in BPO organization is not so good for the employees as they are not able to balance between work life and personal life as the formal jobs are not structured efficiently.

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