

NINE ELEMENTS THAT TRIGGER EMPLOYEE ATTRITION: A STUDY ON BPO COMPANIES IN CHENNAI

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Abstract

The Business Process Outsourcing industry in India is progressing with an incomparable speed. Despite its significant growth and brilliant prospect, the BPO industry has experienced high attrition rates since its very beginning. Expansions and progress in global telecommunications set-up the establishment of a relatively new brand of services termed as the Information Technology Enabled Services. Because of modernization, huge demands for various products and services are increasing day by day. City like Chennai is booming for new avenues for wide varieties of investments in different sectors. Telecommunication service is creating huge employment opportunities for youngsters and many young people are turning towards to grab these jobs which create huge job opportunities for them. There is a lot of research has taken place to arrest the attrition rates in BPOs. In this research paper, we focused on factors to identify the root causes of attrition in BPOs Chennai city.

Keywords: Attrition, employee retention, health issues in BPO, stress, ITES-BPO, etc.

1. Introduction

BPO industry in India has shown a significant growth which is very high in terms of revenue generation. District like Chennai is booming in terms of providing major outsourcing service that elevates new jobs for young generation, and in the same way the attrition rates in these outsourcing jobs are touching the sky. After observing the severities of the problem and the source available in secondary data, the study undertaken will directly contribute to the existing issues of employee attrition.

2. Employee attrition

Attrition is defined as a gradual, natural reduction in membership or personnel due to reasons like retirement, resignation or death. There are numerous reasons for the attrition to be high which can be categorized into two broad classifications. The first can be coined as “Drive Attrition” which is caused due to employer. The second one can be termed as “Drag Attrition” which is caused due to the employee. The attrition rate has always been a sensitive issue for all organizations. Calculating employee turnover rate is not that simple as it seems to be. No common formula can be used by all the organizations. A formula had to be devised keeping in view the

nature of the business and different job functions. Calculating attrition rate is not only about devising a mathematical formula. It also has to take into account the root of the problems by going back to the hiring stage.

3. Elements of employee attrition

Improper recognition of work: Employee recognition is the timely, informal or formal acknowledgement of a person's or team's behaviour, effort or business result that supports the organization's goals and values, and which has clearly been beyond normal expectations. Employee self-esteem and commitment is increases the way we treat employees in the organization proper recognition and rewards always place a key role in retaining those productive employees.

Health hazards for continuous phone: After uninterrupted analysis and many sources of secondary data and very few personal interactions with the executives of employees among the major problems found in BPO employees are; tumours, dry eye, muscle problems, work stress and back pain for women.

Mental strain: Business process outsourcing the duties of these employees jobs are continues receiving call form the customers and to clear their queries because of continues phone conversations with the customers at the end of the day they may have mental strain due to continuous phone conversations.

Work life imbalance: In light of the work organizations in BPOs and resulting outcome that employees in their daily efforts within the industry, the significance of the issue of work-life balance should be stressed. Moreover, the conflict between work demands in relation to personal and family needs is needed to be researched in order to have sufficient institutional support to the employer.

Monotonous work: The employees of BPOs are faced with lots of difficulties. The jobs in call centres are monotonous in voice and non-voice BPOs it is stressful and it comes to the point presenting a good behaviour to the customers. Therefore, the irate employees are fighting monotonous job make it less attractive. In order to come out from these problems, organizations have to provide job rotation and assigning different jobs to come out from this work.

Lack of career growth and opportunity: Many employees in the BPOs are addressing the issue of career opportunities in these sector are very less because work is monotonous and career growth is very less. So, majority of the youngsters they work for the sake of their monthly earnings and they are searching for better job which can give better career opportunities to them.

Salary and working conditions: Majority of employees have joined the union to fight for better pay and salary packages. There is a lot of risk for employees who travel at night, especially women. A lot of “risk of safety” cases have come up in recent times and as such, employee security is one of the major work areas for the union.

Meeting targets: Majority of the employees believes that the targets set for them are unreasonable. Failures to meet their targets do not only affect their career graphs but also creates frustration.

Job security and growth: The average tenure of an employee in a call centre is approximately 1.5 years. It is probably because the employees do not find too many career growth opportunities in the industry. Moreover, there is a lack of job security which was restated by the recent layoffs. Lot of employees expects the union to take up the problem of job security and growth with the senior management.

3. BPO industry

The Information Technology (IT) and Information Technology Enabled Services (ITES) industry has been one of the great success stories of India. An industry that did exist barely 2 decades ago is now the toast of the nation and the envy of the world. It is arguably the most global of any Indian industry and has created international benchmarks for quality, proving to the world and to ourselves that Indian companies can compete globally and win on quality. India is at the forefront of the rapidly evolving business process outsourcing market and is well established as a destination of choice among global outsourcers. Over the past decade, Indian BPO industry has grown exponentially in size and has significantly matured in export service delivering capability and footprint. The outsourcing sector is currently valued at \$72.8 billion in 2016. India has been a particular beneficiary of IT and business process outsourcing and accounts for 65 per cent of global IT and 46 per cent of ITES off shoring market. The shift of the Indian economy towards more service orientation suggests that in the long-term, India will continue to be a major player in the global BPO industry.

4. Need for the study

The attrition rate has risen drastically to 55 per cent during the last few months with a significant movement in middle and senior management levels, according to a recent report by the Associated Chambers of Commerce and Industry of India. The BPO-ITES sector has emerged as having the highest attrition rate of 65 per cent during the last two years, giving a serious jolt to India’s prospects as the most sought-after BPO destination in the world. The study helps to identify the attrition in BPO industry at Chennai city and also find out the reasons for high attrition.

5. Review of literature

Kariuki Elizabeth Wambui (2012) has found the factors that fairly influence turnover were unmet expectations about the job, lack of satisfaction with the job, lack of recognition for work done, lack of flexibility in the job, involvement in the job among others lack of supervisory support, poor working environment, job stress, lack of a clear job description, workload, work life balance, poor managerial style, lack of equal pay for equal work done, pay and benefits in the organization, training and development opportunities, level of education, presence of external opportunity, macroeconomic environment and globalization. The author recommends the management of SDV Transami to ensure clear job descriptions for their employees. The management of SDV Transami can train its supervisors and managers on promoting work-life balance without affecting the operations in order to retain its talented workers.

Tobias Kraemer and Matthias Gouthier (2012) investigated the causes of the troublingly high rates of voluntary turnover in call centres. The authors have integrated anger and pride, two of the most frequently experienced work emotions, in a comprehensive model that is based on the job demands–resources model and affective events theory, to illustrate how emotions emerge and affect turnover intentions.

Vibha Gupta (2013) concluded that the employees need manageable workloads, support and recognition from their co-workers and management, and opportunities for growth and innovation. The study identified that approximately 30 per cent of the staff are leaving the organization due to further studies and existing educational commitments. Prioritizing ways to retain new staff will become increasingly important to assure that the organization does not lose more of its human capital and with it, its ability to serve those in need.

Savneet Kaur (2013) concluded that there is no universal attrition management solution for every company. Each organization has to build its own motivation system based on compatibility between organizational and individual goals. The author suggests that the companies should adopt remedial measures like giving job description at the recruitment stage, offer skill testing, employees should have a say in the organization, hold exit interviews, etc. and should retain their efficient employees for as they can.

Janani (2014) concluded that that most of the IT companies are facing turnover due to many factors. The most important of all is compensation, because plenty of opportunities are there in the market for experienced, well qualified employees if they switch over to other companies and they will pay more. There are many push, pull and personal factors are involved and initiating the thought of turnover among employees. IT companies should be alert and frame some necessary strategies to reduce attrition so that they can reduce the expenditure of employees for recruitment, training and development.

Vidya Sunil Kadam and Thakar (2014) identified that those having average age of 24 -28 years and the experience between 2 to 4 years are having higher percentage of attrition. The author concluded that the attrition rate was increased because of dissatisfaction with pay, lack of career advancement, compensation & boss relation.

Pietersen and Oni (2014) identified that a high overall employee turnover rate and high turnover are among younger employees, females and employees in specific job categories. Job dissatisfaction in the department is attributed to poor compensation and better job offers elsewhere, inferior working conditions, and a lack of promotional opportunities. The findings of the study provides evidence of the most pressing turnover problems that a government department in a less affluent geographic region.

6. Research methodology

The present study made use of secondary sources of data. The sources of secondary data include reports from NASSCOM, and the reports from BPOs under study.

7. Conclusion

Every organization is comprised of people. Acquiring their services, developing their skills, motivating them to high levels of performance, and ensuring that they maintain their commitment to the organization are essential to achieving organizational objectives. Business process outsourcing, commonly known as BPO, is one of the organization is comprised of huge manpower. The Indian BPO industry has grown at a constant annual rate of 40-50 per cent and within a couple of years, India managed to secure the position of the most preferred and low cost destination for business process outsourcing. Ironically, in spite of the tremendous growth potential of the sector, attrition rate and the manpower crisis is dampening the growth of the sector. The HR professionals of the BPO industry are facing various challenges like the attrition rates and its implications, skill shortages, retaining the employees, etc. The study reveals that in order to reduce attrition, industry should analyse the above dimensions which creates more intentions of creating high attrition in the arena of BPO sector.

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