EMPLOYEE RETENTION - A MAJOR CHALLENGE TO THE BPO INDUSTRY

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Abstract : Revolution in technology, business conditions, demographics and globalization has created new horizons for the HR function. These changes have compelled the need to understand and manage the dynamics of talent, from sourcing to resource management to recognition systems. To prosper in this new environment, HR professionals need to take a more proactive strategic perspective on their approach, policies and initiatives. Talking about the BPO's, they are the highest job provider. Notwithstanding the initial glamour of this sector as a harbinger of opportunities and an attractive career option, today with the vast number of players in the arena and easy availability of lucrative software jobs, the sector is smitten with the problem of attrition. Even big firms like Infosys and Wipro have an attrition rate of close to 20%. Employee Retention has become a major concern for this industry and the onus lies on the HR to form effective strategies to retain its employees. The HR strategy should evolve from a transactional support role to partnering in the organizations business strategy. HR must take steps to be aware of employee problems and try to solve them, creatively for BPOs in India.

Key words: Employee Retention , business conditions, demographics and globalization.

INTRODUCTION:

BPO! One reads the word and myriad of well-groomed youth on calls, fast money, and phenomenal lifestyles seem to flash the mind in a jiffy. That's just the start. One reads it again, contemplates over it, dives into the unveiled afflictions, and gives it a second thought and a completely differing depiction blazes the mind. Lopsided working hours, unimaginable attrition rate, stress and burnout exhibit its ugly side. No matter how the seesaw balances between the pros and cons, the fact remains conspicuous, loud and unchanged. BPO, Business Process Outsourcing, is the mantra of employment, the buzz of present, and the promise of future! As Fidelity National Financial India Country Head Sameer Dhanarajani says IT companies and BPOs are witnessing a major talent crunch."The macro effect is balanced by one company losing its critical staff to another and a company getting critical resources in return. But aligning them to the organization still remains a challenge," he said, adding there are hiring, training and maintenance costs associated with a new inductee, irrespective of the place in the hierarchy that the person assumes.

OBJECTIVE OF THE STUDY:

a.To understand the reasons for employee attrition in the BPO industry.
b.To understand why retention is needed
c.To site effective strategies for BPO's to retain employees.

Hypothesis:

The BPO industry is facing attrition and employee retention is the need of the hour and a major

challenge for the BPO industry.

Research Methodology:

This paper considers use of secondary data. Secondary data has been collected from reputed journals, reference books and websites making the research enriching for the readers.

Review of Literature:

1.Anil Kumar Hagargi (2011), Retention has become key tool for success but retention has become a tough job for the sector as attrition is on the rise due to various reasons. Employer should concern the people and provide flexible shift and weekend off so that employees will feel comfortable & the next day they will be able to spend some time with their family. Retention has become a key challenge for the BPO industry. With the help of retention the company can save investment on recruitment and can turn it as cost effectiveness. As the sector is open and people has various choice to work therefore attrition is on the rise & to minimize it, the sector should plan the career path of people and provide them rewards and promotions on time and keep them satisfied so that employees should not think about alternative employer.

2.Arvinder Kaur &Shivani Gupta (2012), Women employees constitute about one-third of the total workforce in Call Centre and BPOs in India. Though there is major economic contribution of women to the BPO industry, yet several challenges and problems faced by the women employees still remain to be addressed. The women employees are satisfied with the safety and security measures. They are quite satisfied with the infrastructure, supervision, employee-employer relationships. They are not satisfied with the salary, perks, requisites and promotion prospects. They are also not satisfied with the grievance redressal system. But the employers are continuously making efforts to provide the safe and secure work environment to women employees. The efforts are in accordance with various laws and legislations enacted in Indian for security, protection and equality at work. Still there are certain expectations which need to be looked upon and the congenial work environment and culture should be provided to women employees. The woman is a creator and now she has adopted the role of earner for the family. The society & family support is must for boosting their spirits and equal treatment at work place is equally important for them to achieve success. Employee satisfaction and retention is major challenge in these days and employers shall concentrate primarily on satisfaction of the employees.

3.(Prakash and Chowdhury 2004) Attrition in the BPO industry is two fold. One part of the attrition is where the employee leaves the industry entirely. The other section of attrition is where the employee joins another firm in the industry. Both the sections have separate reasons which need to be identified. The primary reason for people leaving the industry is due to the cause that the industry is viewed as a gap filler occupation. There seems to be a flaw in the way the industry is structured. The industry has been mainly dependent on youth who take out time to work, make money in the process while thinking of career alternatives. Hence for this group BPO is never a long term career but only as a part time job. The easy availability of BPO jobs is only a source of easy money till the time there is no other source of funding. Also the unfriendly working conditions, late night work shifts, high tension jobs acts as a deterrent for people to stick to this industry for long time. In addition, the BPO jobs are not being taken with a positive spirit by the society on a large. Research says that nearly 50 per cent of those who quit leave the industry

Key reasons for Employee Attrition in the BPO industry:

Attrition has terrible effects on the company. The high attrition costs considerably increases the costs to the organization. They have to deal with the amount of disruption due to unplanned exits. The more people leave an organization, the more it is a drain on company's resources like recruitment expenses, training and orientation resources and time. The high attrition rate also affects productivity. Hence, it is extremely critical to curb attrition not only for an individual company but also for the industry as a whole. As a quality workforce is crucial for business success, employers have started taking this very seriously and a lot of initiatives are being taken to curb attrition. As Kamal Karanth of Kelly Services India puts it, "The workforce is the backbone of the BPO industry and the attrition rates have becoming alarmingly high for the industry. Most of the companies are promoting within to ensure that talent remains." Surveys have listed the following as few major reasons for attrition;

•Low perceived value and monotonous work

•High salary expectation and unusual working hours.
•Disillusioned employees
•Stress and burnout, pressure to perform on metrics, and lack of motivation.
•Lack of security and social interaction.
•Unexpected job responsibilities
•Dissatisfaction with present job
•No growth opportunities
•No Work - Life Balance
•Stress from overwork
•Lack of trust and support from colleagues, seniors and management
•New job opportunity
•Inadequate salary
•Night shifts and rotational shifts
•For higher education
•Inability to handle various types of stress
•Monotonous work
•Problems with those in senior positions or peer managers
•For higher salary and better designation
•No time for personal life
•Misguidance by the company
•Grievances

These are few reasons of quitting the BPO jobs which is collected by the employees by surveys also. Hence, we can analyze that it is not only the money and career factors which motivate the employees to quit their jobs in BPOs, but it is also influenced by mental, physical and emotional factors.

Why is Retention important:

Employee retention matters, as, organizational issues such as training time and investment, costly candidate search etc., are involved. Hence, failing to retain a key employee is a costly proposition for any organization.

Various estimates suggest that losing a middle manager in most organizations, translates to a loss of up to five times his salary. This might be worse for BPO companies where fresh talent is intensively trained and inducted and then further groomed to the successive stages.

Retention is important for management as well as for employees also. More than half of the employers retain workforce to avoid associated costs of hiring and training. A Nasscom-Hewitt Associates survey says that the cost of attrition in the industry is 1.5 times the annual salary. As per survey following costs are incurred if employee leaves an organization.

51% - costs of hiring & training
24% - loss of productivity
19% - damaged morale of employees
6% - loss of business

Strategies adopted by BPO's

•Many companies like HCL, IBM and Wipro use various IQ and EQ tests to get people who can work at night and can handle the monotony. They also believe that giving career counseling and planning career paths to its employee help to control attrition.
•As per IBM policy, recruitments are done in bulk considering the high attrition rate and recruitments are done regularly. Hiring in bulk reduces the supply factor of the equilibrium and it keeps the work of the organization going.
•TCS has put in place a comprehensive academic interface programme (AIP), Paternity leave for adoption of a girl child, a choice of working in over 170 offices across 40 countries in a variety of areas.
•Wipro has adapted strategy „Wings Within? programme where existing employees get a chance to quit their current job role and join a different firm within WIPRO.
•Many BPOs are adopting some fundamental actions to retain employees, including salary surveys to stay shoulder to shoulder of the market, culture-building exercises for employees, exit interviews, counseling,

employee development programs, rewards and recognition, as well as increased pay and benefits.
Inculcating the retention culture

The most important aspect of inculcating the retention culture is to emphasize upon the employees that the organization values them. Culture of retention should prioritize the I-I-I model i.e. Introduce-Inculcate-Involve. The details are as follows:

•Introduce to the employees that the organization holds high degree of attachment towards them values them and believes in sustaining them.
•Inculcate the culture in the organization communicating to the employees that retention of employees is not just a segregated task of the H.R, but is the responsibility of the whole family. Season the work culture that is in sync with the philosophy of retaining the employees.
•Involve employee more in planning retention strategies as coworkers understand better than supervisors.

Few ways to create a culture of retention should include taking care of the intrinsic motivation needs of the employees, and involvement factors. For creating a culture of retention in the organization the following should be kept in mind:

Recommendations: Effective retention strategies that can be adopted by BPO's:

BPO's need to adopt a proactive approach in retaining employees. Following aspects could be taken into consideration and an effective strategy could be materialised leading to lower amount of attrition and a higher amount of employee retention.

•Reciprocity is the key. Employees are investors in the company and expect a return on investment. The return can be in the form of recognition, empowerment and authority.
•Retention must be part of the organization's DNA. Successful organizations have woven retention and engagement deeply into their structure. Loyalty is never given. Loyalty must be earned; even satisfied employees some times leave. Therefore, develop sense of loyalty among the employees.
•Organizations must be seen as employers of choice. One has to compete on compensation and benefits, but win on culture, learning and development.
•Stars include more than just the top 10% -- or 1%! Stars are people at any level who sustain in the organization and bring value to it.
•Each generation of employees has different reasons for staying. For the first time in modern history, there are varied generations working side-by-side in most companies of this industry. Generational differences continue to pose new challenges to today's employers. Thus, retaining them needs a generation-centric approach.
•Mentor widely and in both directions. Build learning relationships in all directions and hold all partners responsible for the success.
•Train intelligently. Provide on-going retention training in manageable bites – make it a continuous effort and find ways to size the retention plan to the specific demographics of the organization.
•Create a development culture. "Career development is the right thing for the organization (identifying and developing future leaders), the right thing for the employee (creating a development environment), and a key retention component."
•Recognize managers who keep employees. Meaningful recognition remains a potent energizer for employees and managers alike.
•Understand even the ordinary has something extraordinary: No role within the organization should be viewed as "ordinary". Everyone should be given the opportunity and the goal of being extraordinary.
•Create a mission, act upon it, and feel proud about it: A mission which a team can take pride in should be created.
•Shape up a free atmosphere; break away redundant policies: People should not be strangled by micro-managing or by burying them in policies and procedures. Only the necessary guidelines and tools should be given. A free and liberated atmosphere should be given to the employees.
•Celebrate activities, not just performance. Small little progresses should also be celebrated and recognized. Activities, efforts, and modest improvements instead of big results should be noted and praised.
•Create, Innovate, and Designate: Empowering employees for decision making, innovation and creativity is the key to foster a positive atmosphere and enhance employee involvement. Allowing the employees to play, have fun and experiment with newness; encouraging them to contribute to others (employees, customers and the community) in extraordinary, innovative and novel ways; designating employees with

expansion of their responsibilities horizontally, and empowering them can have multiplying effects on the loyalty of the employees.

CONCLUSION:

Today, India is the hottest destination for any company that wants to outsource its business processes. However, in a BPO, the work can often be monotonous and opportunities for career growth minimal. So when opportunities beckon, the high rate of attrition is not surprising. However, there are some common reasons that especially cause people to leave. Human Resource professionals have to take a proactive role so that they can understand various complexities of human nature. It is essential that the BPO industry gets into the loop and makes an attempt to curtail its attrition and roll over the retention strategies effectively through strategic planning. They need to adopt a 3 R approach of Respect, Recognize and Reward that will take them a long way in gaining confidence of their employees leading to loyalty and retention.

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