Hr project – assignment

[Business](), [Management]()

An alarmingly high employee turnover level is hurting the India based business process outsourcing (BPO) industry and is negatively impacting both its clients and service provider. The topic of employee turnover is receiving daily attention, and creates complexity. For the BPO sector that employs one million people, the attrition rate has risen drastically to 55% in year 2011. This project examines the varied and often complex causes of employee turnover and what is the impact of this on industry. It also contains what approaches industry take towards the high employee turnover issue.

The focus of this comprehensive report is limited to BPO attrition in the Indian context. This report contains introduction to the BPO industry and introduction to the employee turnover issue a It includes major causes of high employee turnover in the industry and its' impact. Along with that the report contains few examples of companies which are taking steps to reduce employee turnover. Better BPOs are clearly investing in key areas around training, skills training, a reward structure that reflects performance, and an honest effort to provide real career opportunities. . INDUSTRY ANALYSIS 1. 1 Overview of industry Over the past decade, the Indian IT-BPO sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India. The Indian IT-BPO industry has grown by 6. 1 percent in 2010, and is expected to grow by 19 percent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage.

The Indian IT-BPO sector including the domestic and exports segments continue to gain strength, experiencing high levels of activity both onshore as well as offshore. The companies continue to move up the value-chain to offer higher end research and analytics services to their clients. In India BPO's share is 25% of IT industry. India's share in the global BPO spend is about 3. 2%. The BPO industry in India has become one of the most significant growth catalysts for the country's economy.

In the last decade, the industry has grown 16 times in size, to reach USD 16. 9 Billion (including domestic) in FY2011. In addition to fuelling India's economy, direct and indirect employment creation is estimated at 4. 5 million. India is the leading BPO destination, accounting for over 37 per cent of total global sourcing BPO revenues, followed by Canada and Philippines. BPO industry today is a diversified sector spanning across multiple services and becoming the hotbed for knowledge workers in the country.

India headquartered; multinational firms, Global in-house centers and niche firms are building the sector in the country contributing to process excellence, transformation and best practices. BPO is a technology-integrated BPO that provides a complete business solution by packaging a technology platform with a domain application. Some examples of domain applications include Insurance Policy Administration, Claims Processing, Mortgage Processing, Collection Management etc. Most leading IT companies have BPO divisions/subsidiaries. 1. 2 Different Types of Services Being Offered By BPO's Customer Support Services

Customer service offerings create a virtual customer service center to manage customer concerns and queries through multiple channels including voice, e-mail and chat on a 24/7 and 365 days basis. Customers calling to check on their order status, to check for information on products and services, to verify their account status, to check their reservation status etc. Technical Support Services Technical support offerings include round-the-clock technical support and problem resolution for OEM customers and computer hardware, software, peripherals and Internet infrastructure manufacturing companies.

These include installation and product support, up ; running support, troubleshooting and Usage support. Customers calling to resolve a problem with their home PC, customers calling to understand how to dial up to their ISP, customers calling with a problem with their software or hardware. Telemarketing Services Telesales and telemarketing outsourcing services target interaction with potential customers for ' prospecting' like either for generating interest in products and services, or to up-sell / promote and cross sell to an existing customer base or to complete the sales process online.

Outbound calling to sell wireless services for a telecom provider, outbound calling to retail households to sell leisure holidays, outbound calling to existing customers to sell a new rate card for a mobile service provider or outbound calling to sell credit or debit cards etc. Employee IT Help-desk Services Employee IT help-desk services provide technical problem resolution and support for corporate employees. This service include level 1

and 2 multi-channel support across a wide range of shrink wrapped and LOB applications, system problem resolutions related to desktop, notebooks, OS, connectivity etc. office productivity tools support including browsers and mail, new service requests, IT operational issues, product usage queries, routing specific requests to designated contacts and remote diagnostics etc. Insurance Processing Insurance processing services provide specialized solutions to the insurance sector and support critical business processes applicable to the industry right from new business acquisition to policy maintenance to claims processing. New Business / Promotion: Inbound/outbound sales, Initial Setup, Case Management, Underwriting, Risk assessment, Policy issuance etc.

Policy Maintenance / Management: Record Changes like Name, Beneficiary, Nominee, Address; Collateral verification, Surrender Audits Accounts Receivable, Accounting, Claim Overpayment, Customer care service via voice/email etc. Data Entry Services / Data Processing Services * Data entry from Paper/Books with highest accuracy and fast turnaround time (TAT) * Data entry from Image file in any format * Business Transaction Data entry like sales / purchase / payroll. * Data entry of E-Books / Electronic Books * Data Entry : Yellow Pages / White Pages Keying * Data Entry and compilation from Web site Data Capture / Collection * Business Card Data Entry into any Format * Data Entry from hardcopy/Printed Material into text or required format * Data Entry into Software Program and application * Receipt and Bill Data Entry * Catalog Data Entry. * Data Entry for Mailing List/Mailing Label. * Manu scripting typing in to word * Taped Transcription in to word. * Copy, Paste, Editing, Sorting, Indexing Data into required format etc. Data

Conversion Services * Conversion of data across various databases on different platforms * Data Conversion via Input / Output for various media. Data Conversion for databases, word processors, spreadsheets, and many other standard and custom-made software packages as per requirement. * Conversion from Page maker to PDF format. * Conversion from Ms-Word to HTML format. * Conversion from Text to Word Perfect. * Conversion from Text to Word to HTML and Acrobat. * Convert Raw Data into required MS Office formats. * Text to PDF and PDF to Word / Text / Doc. * Data Compilation in PDF from Several Sources. * E-Book Conversion etc. Scanning, OCR with Editing ; Indexing Services * High speed Image-Scanning and Data capture services * High speed large volume scanning OCR Data From Scanned page / image * Scan ; OCR paper Book in to CD. * ADOBE PDF Conversion Services * Conversion from paper or e-file to various formats Book Keeping and Accounting Services * General Ledger * Accounts Receivables and Accounts Payable * Financial Statements * Bank Reconciliation * Assets / Equipment Ledgers etc. Form Processing Services * Insurance claim form * Medical Form / Medical billing * Online Form Processing * Payroll Processing etc. Internet / Online / Web Research * Internet Search, Product Research, Market Research, Survey, Analysis. * Web and Mailing list research etc. 1. 3 TOP 15 BPO PLAYERS

Sr. No| Company name| 1| Genpact India Pvt. Ltd. | 2| Tata Consultancy Services BPO| 3| WNS Global Services (P) Ltd| 4| Aegis Ltd| 5| Wipro BPO| 6| Firstsource Solutions Ltd. | 7| Infosys BPO| 8| Aditya Birla Minacs Worldwide Ltd. | 9| exl Service. com (India) Pvt Ltd| 10| Hinduja Global Solutions Ltd| 11| Intelenet Global Services Ltd| 12| HCL Technologies Ltd. – Business Services|

13| HOV Services Ltd| 14| 3i Infotech Ltd| 15| Mphasis Ltd| 2. OVERVIEW OF THE PROJECT With the enhanced information technology and booming of the economy, the employment opportunities in the business environment are on the increase.

As the companies are becoming aware of the enhanced opportunities and changing business environment employees in the companies are feeling uncertain about their careers and, in turn, their future. The outcome of the above mentioned change is high employee turnover. Employee turnover refers to the movement of employees in and out of the organization. It is the rotation of workers. It is usually convenient to measure by recording movements out of the firm on the assumption that a leaver is eventually replaced by a new employee so employee turnover is also termed as attrition.

Frequently, managers refer to turnover as the entire process associated with filling a vacancy: Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover. Employee turnover should be analyzed in order to forecast future losses and to identify the reasons for people leaving the organization. Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Therefore there is important to know the causes of high employee turnover.

In truth, employee turnover is a key area in which HR department can play a lead role and bring about a definite change—one that can be measured in

quantifiable, financial terms against predetermined targets. Far from accepting attrition as part of the cost of doing business, it needs to be recognized as a mounting problem that needs careful scrutiny and an area where HR department can play a dominating role by taking initiatives to measure attrition, look for its causes, come out with solutions and thereby target improved performance through reduced attrition.

There are enormous costs related to attrition/turnover and, while some of these are not visible to the management reporting or budget system, they are nonetheless real. Employee-friendly HR policies specifically aimed at mitigating attrition can go a long way in reining in this cost burden. 2. 1 LITERATURE REVIEW Employee turnover is being considered as a major problem in human resource management. Employee turnover means the ratio of the number of workers that had to be replaced in a given time period to the average number of workers.

Frequent replacement of employees directly affects the cost structure of the company and most importantly it affects the productivity. When employee leaves the organization his knowledge and skill also leave along with him. Unlike the other physical assets of the company it becomes difficult to replace human assets with same knowledge and skill. Some could be controllable while some could be uncontrollable. For example to leave the job because of other employment opportunity or due to family move, then these will come under uncontrollable turnover. While leaving the job due to pay issues, of work, etc will come under controllable turnover.

In another term it is called job hopping. There are few research papers which have reviewed to have clear idea. Employee turnover: Bad attitude or poor management? This research paper was issued by two universities of Singapore, Nanyang technological university and Cardiff University. In this research paper intensions regarding turnover has been examined in different companies and different industries of Singapore. Findings * Maximum turnover was found in retail trade and in hotel industry. These are 74. 4% and 57. 6 respectively. * They found that poor management is one of the major reasons behind high turnover.

Which means proportion of voluntary turnover was high. * They related the issue with job satisfaction and found job satisfaction alone was of the variance of less than 15% hence they took job satisfaction with the combination of pay, nature of work and supervisor. By taking job satisfaction into consideration they examined the reason behind high turnover. They also found that pay was the common reason behind high turnover in Singapore. * After taking study with combinations they found that these three factors were contributing with variance of 37. 6% in employee turnover. Conclusion

The research gives clear idea that factors which are controllable by management were more responsible for employee turnover and hence poor management was the responsible factor. When coworkers and managers quit: The effects of turnover and shared values on performance The research was examined by Texas A; M University and University of Central Florida. They took 53 work units and 8 countries for the survey. From that 48. 7% have faced high turnover. Findings * It has been found that American

industries incur cost of $11 billion annually because of high employee turnover. It was found that the other factor which could affect is shared values. Values can be defined as fundamental and enduring features of both people and organizations (Chatman, 1989). Employees with high shared values may have higher levels of commitment and satisfaction than those with low shared values (Chatman, 1989; O'Reilly et al. , 1991). Individual values direct behavior, whereas organizational values provide ground rules for acceptable forms of behavior (Chatman, 1989). * Organizations having shared value between management and employees will move towards same direction. Both will perceive same values and hence commitment and communication will be more. This will lead to more personal investment and co-operation between employees. Such factors will not motivate high turnover ratio in the organizations. Same was observed in research. Having high shared value work units had less employee turnover ratio. * They also examined turnover at different levels of management. When the work of employees in organization is interdependent then in such cases it affects overall performance of the company because it disturbs the whole cycle of input to output. It was also found that turnover in case of direct management gives negative impact on performance. In case of direct manager when they get change frequently due to high employee turnover ratio then their subordinates face issues and performance get decrease. There could be many factors other than these which lead high employee turnover ratio like job related stress, job dissatisfaction, lack of capability, lack of role clarity, organization instability, working hours, etc. It also creates the cost like advertising, recruiting, selecting, hiring and training. Conclusion

By above findings it can conclude that employee turnover can also give demotivation to current employees. Such problems occur specifically in such time when someone from top management leaves the organization. Some times in such cases whole organization structure gets change. Replacement of employee becomes time consuming too as it takes time to adjust for a new employee with nature of work, culture, people, etc. And in this interim period overall work get disturbed. Same situation can occur for other employees too as they also take time to adjust with new employee.

The factors contributing to labor turnover in the sugar industry in Kenya (a case of Sony Sugar Company limited) The research was conducted by Wesonga Justus, Alice Kombo, Noah Murumba, Makworo Edwin, the lecturers from Jomo Kenyatta University of Agriculture and Technology, Kenya Institute of Management, Egerton University, Jomo Kenyatta University of Agriculture and Technology respectively. The study was conducted to see the patterns and effects of employee turnover in the Sugar industry in Kenya. The study had sample size of 108. Findings * Sony Sugar Company has been experiencing mainly resignation form of labor turnover. 8% of the respondents noted this company has experienced resignation while 2. 0% noted Compulsory retirement. Categories of workers by grade who have contributed to the highest labor turnover in this company were sub-ordinate staff. 98. 0% of the respondents noted sub-ordinates have contributed to the highest turnover but 1. 0% respondent felt the highest turnover has been contributed to by senior managers. * The majority reasons of this numbers were factors like too much work and long working hours, training opportunities, poor pay, poor working conditions, working ith risky machines,

lack of clear promotion and training policies, mistreatment by the managers and there is a desire for upward growth or promotion. Conclusion It is clear that majority have left voluntarily due to the internal factors and some have left because they were getting another opportunity. An examination of employee retention strategy in a private organization in Zimbabwe The research was done by Department of Industrial Psychology, Faculty of Management and Commerce, University of Fort Hare, South Africa. The research was aimed to find out causes of employee turnover in the organization.

Findings * The research found that employee turnover was very high in non managerial positions. * This was because of job security, poor remuneration and poor working condition. * It was also found that not only money which keeps employees into the company but the factors like freedom and flexibility gives them motivation and direction. * There is also the need for organizations to properly align retention practices with the needs and values of employees. * It was found that due to economic issues of Zimbabwe increase in pay has considered one of retention strategy. Conclusion

The research gives clear idea that employees due to less career development and due to economic conditions employee turnover was more. To cope up with inflationary conditions remuneration was considered as one of retention strategy. 2. 2 BACKGROUND OF THE STUDY Business Process Outsourcing (BPO) has become a critical agenda for many multinationals in this era of globalization. BPOs entered the Indian Territory in the early 1990s and since then India has progressed substantially. India is one of the prime

beneficiaries of BPO. According to the Gartner study, the Indian BPO segment is $2. 4 bn against the worldwide segment of $143 bn.

Nasscom expects it to grow 15 fold in the next six years to an estimated size of $21-24 bn. Business Process Outsourcing (BPO), a buzzword, is the mantra of employment in the present times and a promise for the future. The IT enabled services (BPO) industry is being looked upon as the big employment generator. It is no easy task for an HR manager in this sector to bridge the ever increasing demand and supply gap of professionals. Though the high packages and sophisticated work environment in BPOs succeeded to attract a large pool of youngsters, but at the same time they failed to sustain the pool.

BPO is characterized by lopsided working hours, high stress to the extent of burnout and extremely high attrition rates. In the recent times BPOs in India are facing a serious problem of employee attrition/employee turnover. Employee turnover is not a new concept in industries; infect, it has been there in all the industries. But from all other industries turnover of employees in the BPO sector is difficult to handle and the way it is growing everyday is creating havoc for industrialists and the question of survival of the industry is gaining importance.

According to some analysts (BPO India, 2004), in general, the attrition rate fluctuates between 20% and 40%, while in the best companies, it averages around 15%. Attrition rate of some leading BPO companies in India are mentioned below. * Infosys BPO 28% * Wipro BPO 18% * TCS BPO 21-22% In India BPO have attrition rate is 55% (Business Standard, April 14, 2011),

which is highest in all industries of India. By considering this fact this research has been focused to examine the reasons behind high employee turnover in Indian BPO sector. 2. 3. OBJECTIVE * To study the causes of high employee turnover in Indian BPO Industry. To study the impact of high employee turnover. * To study the steps taken to reduce employee turnover 2. 4 . RESEARCH METHODOLOGY * To understand the topic different literatures have been reviewed and to carry out research secondary sources like HRM journals, books and internet were used. Data sources * " Employee turnover: Bad attitude or poor management? " by Nanyang technological university and Cardiff University. * " When coworkers and managers quit: The effects of turnover and shared values on performance" by Texas A&M University and University of Central Florida. " The factors contributing to labor turnover in the sugar industry in Kenya (a case of Sony Sugar Company limited)" by Wesonga Justus, Alice Kombo, Noah Murumba, Makworo Edwin, the lecturers from Jomo Kenyatta University of Agriculture and Technology, Kenya Institute of Management, Egerton University, Jomo Kenyatta University of Agriculture and Technology respectively. * " An examination of employee retention strategy in a private organization in Zimbabwe" by Department of Industrial Psychology, Faculty of Management and Commerce, University of Fort Hare, South Africa. HRM review, IUP Publication, ICFAI University Press. * The journal of Organizational behavior. 3. DATA ANALYSIS AND FINDINGS Before moving towards the main issue of employee turnover first of all it is very important to know what kind of workforce generally BPO companies have. The Indian IT-BPO industry has proved to be a premier source of mass employment across the country. The

following chart shows the highlight of talent into the industry. http://www. nasscom. in/knowledge-professionals In general a person with any graduation can join any of the BPO.

Some BPO's like to take people with MBA but then again the specialization are of an individual hardly makes any difference. Again, this is the industry, where there is no reference checks and very often people don't even specify there exact age. Moreover, a common man in India would hardly recognize the term " BPO" but he is well aware of the term " Call Centers. " Though it is an improper resemblance, the kind of work being outsourced to India has made the resemblance appear true. Hence the society refrain the youngsters from establishing their career in this industry.

The following are some of the reasons as why people prefer to join a BPO. * Did not get a better job * Find nothing better to do * Education level doesn't matter * Good work environment * Good Benefits * Flexibility of time * Attractive life style * Transport facility Employees have multiple options to work for. They join an entity, gain knowledge, skills, undergo training, work for a short period of time and then quit. The reason is improper work environment and high target or a marginal high salary offered by other entity.

All the hard work of the organization comes to an end and they have to restart the cycle. It is not an exaggeration to say that the current youth started perceiving employment in call centers as a `Career launch pad. ' This perception is more prevalent among the middle class segment whose aspirations are generally found to be so moderate. Limited application of

intellectual capacities and sophisticated work environment are found to be the motivating factors and women are drawing advantage in this realm.

The technicalities of job profile further suited the mindset of the new generation who are conscious of `freedom' in life-style be it in workplace or outside. The growing family `budget' in terms of `higher education' and `luxurious living' further triggered the passions of middle class parents that made them to encourage children to opt for placement in ITES. The starting salary of a call center employee is found to be much higher than a doctor or a lawyer and also finds it responsible for the moulding of youth passion towards the earning stream rather than pursuing higher studies.

Earning at an early age that too more than the parental incomes is often bound to tilt the power scales of balance at home leading to an individual thinking by the sons and daughters, opine some of the parents. The economic independence at an early age may also prompt them to deviate from virtuous life and get addicted to a luxurious life-style. By drawing pleasure out of the financial contribution made by his daughter, considered to be a burden in terms of matrimony, a retired employee from the government sector goes to the extent of applauding the `technology boom' that has enabled the youth to develop a career path of his r her own with no support from outside. The sudden switchover to `earning stream' from `spending mode' is the offshoot of boom in the services-driven economy as such transformation of `youth' into responsible citizens is a notable phenomenon. The age between 18 to 25 years is considered to be the ideal time for enjoyment by youth is now being spent on productive assignments

in call centers showing a novel feature of transformation in the Indian society. This gives us a direction to the root cause of problems emanating in call centers be it `inter-personal relationships' or `professional integrity. The energetic performance of the youth found to be responsible for the good harvest reaped out of the BPO sector no doubt created a prospective scenario for the future in the form of expansion to Tier-II cities. 4. 1. CAUSES OF HIGH EMPLOYEE TURNOVER IN INDIAN BPO BPO is the biggest employment generating industry in India luring the young with big bucks and fast money. There is a lot of demand as well as supply for this job. The rate of quitting, however, is far more than the rate of joining. When there are so many benefits and privileges associated with BPO industry still there are reasons which make them to change the company/industry.

Here are some of the reasons for a BPO professional to change his/her job. `Work for fun', normally associated with the BPO industry, is often claimed to be its unique selling point. But this has already backfired. The young are now taking BPO jobs just as a stop-gap arrangement to pass time. Initially, they are blinded by fast money, fast life and fast growth. However, the realities of BPO jobs are just the opposite. The bizarre working hours and the monotonous nature of the job wear them out very fast. Their hyped up fun transforms into a dull, droning job. This is exactly one of the main reasons behind high attrition in BPO industry.

The situation is further aggravated by a high percentage of women working in this industry. Most women either quit after marriage or due to social strain caused by asymmetrical working hours. Regarding the attrition between

firms, the chief cause is the unavailability of resources causing a great demand when compared to the available supply. Presently, there is no certified institute providing BPO-specific training and education. Scarce resources in the market lead to wide-scale poaching and headhunting among the competitors for a common pool. Unlike the other industries, the BPO industry does not have a matured HR processes.

For example, workforce planning is generally not done in the BPO industry. Usually new projects in the industry need an interim stage to be completed within a short time. Lack of preplanned recruitment leaves the firms with no option but to fulfill their immediate requirement by poaching the resources working on similar projects in other firms. The E-Sat (Employee Satisfaction) Survey conducted in 2005 (Chakravorty, 2005) to investigate the reasons of stress in workplace, concludes that stress is an integral cause of employee turnover and depleted productivity.

It explored a number of possible factors that lead to stress. This industry is characterized by unusual work hours (BPO mostly caters to customers in the West and the time difference could vary from 8-12 hours on an average); never-ending night shifts; high work targets; repetitive nature of work; pressure to work on metrics; non-negotiable metrics; irate customers and insufficient holidays. Furthermore, BPO executives are faced with the quality versus quantity conflict. Each factor by itself contributes to different levels of stress; when combined, they could even be traumatic.

Employee motivation soon gets depleted. This ultimately leads to very high levels of dissatisfaction with work, resulting in employee turnover. Internal

factors * Monetary reasons * Monotony * Shift timings * Working environment * Slow career growth * Limited training & development opportunity * Deficiencies in recruitment process * Wrong deployment resources Monetary considerations The expectations of employees in this industry have grown exponentially due to the strong demand in the marketplace. A number of people who leave do so because they have been offered a higher salary.

In the current BPO climate, it is easy for employees to find positions that leverage their experience and pay better. Slow career growth for internal talent Employees with prior relevant experience are a precious commodity in today's fast growing market. Therefore, it is not unusual for fast-growing companies to fill new jobs with external applicants who have prior relevant experience with other companies, bringing them in at one level higher than their current level or providing them a new role with greater responsibilities.

This contributes to the perception by " passed over" internal talent that career growth is slow in the current organization, which results in further attrition. Monotony In general, BPO work (especially work that has been off shored) has been repetitive, mechanical, service-level-driven and involves high transaction volumes. Younger recruits find it monotonous once they have mastered the process. Shift timings The majority of the work off shored to India has typically been from the United States necessitating night-shift work due to time zone differentials.

The proportion of employees who can work during the Indian work-day is low. Continuous night shifts affect the health of some, while others just

cannot adjust to them. As a result of cultural and social factors, some women employees leave because they are not able to convince their families of the need to work nights. Working environment Attrition due to the work environment is typically due to a lack of trust in the fairness of the system, issues around safety and care of employees, effectiveness of the channels to address employee grievances, accessibility of the senior management team and other related environmental issues.

Limited training and development opportunities Though not one of the top reasons for attrition increases, the lack of ample opportunities to learn new skills or undergo training or further education is occasionally cited as a reason for leaving. Deficiencies in the recruitment process To ensure that they rapidly meet high demand levels, service providers are not always able to hire resources with the right skills and experience when and where they are needed. Mismatched resources

Resources who are put on assignments that are not in line with their skills or career aspirations may leave if they are not rotated to a favorable assignment soon enough. Limited talent pool supply While there is an abundant supply of educated people, the supply of an employable pool is less so. Basic minimum skills required by the BPO sector to service developed markets include the ability to speak and write English fluently and to understand the processes and domain of the client. The quality of education in smaller towns and cities is not of the required standard, rendering even some educated people unemployable.

Shortage of management pool The supply of supervisory and management talent is relatively limited because it requires prior experience. Given the pace at which jobs are created in this market, it is difficult to find management staff with the optimal experience levels. Career outlook The workforce entering the BPO sector is very young and sometimes immature (entry level graduates with a three-year college degree are only 21 or 22 years old). Many of this younger population are not sure what they want to achieve in their careers and represent flight risks.

Along with these factors there are some important characteristics of BPO which leads to high employee turnover * Most of the workforce in BPO is of less than 30 years, had convent education and came from the metros and other major cities of India. * Some join BPO job as their vacation job just to have fun with high pay. They are more attracted with high packages in the industry rather than the career building opportunities. * Generally lifestyle gets change after joining BPO. For an agent, the day begins at 6: 00 p. m. and ends at 4: 00 a. m. They miss out a lot on family and fun. They suffer stress due to long, odd working hours, stringent service level assignments and demanding customers. * It has also observed that employee leave organization when he or she gets married. * According to Mehta et al. (2006), there are challenges posed to BPO organizations at various levels. At the lower management level, the major challenges include meeting targets, dealing with customers and maintaining work-life balance. * At the middle management level, the major challenges are to motivate employees and handle attrition and absenteeism. At the upper management level, client demands, motivation, competition and costs are the main challenges. * The

Dataquest-IDC BPO employee satisfaction survey found the following reasons of high employee turnover. * For higher education * Salary * Timing * For marriage * No growth opportunities * Lack of promotion * Physical strains and mental stress * No personal life * Insufficient leave/holidays * Friends moving out * Policies and procedures are not conducive * Transportation In short, in the case of a call center, the employee has to answer only telephone calls conveying only tutored replies.

With no outlet for creativity, he has no scope for self-advancement; for, even if he spends ages in that assignment, he gains no experience, creative or otherwise, that would be useful for a functional rung that is administratively higher. Also because of the monotonous nature of the job, after a few days or a few months, he becomes so fatigued and begins to feel worn out. Very often also, he is under pressure to answer many callers at the same time resulting in a highly stressful situation undermining even his health.

The stress he thus experiences also takes a toll on his efficiency, leading inevitably to the dissatisfaction of the employer. Naturally, whenever there is a chance, he becomes a willing and happy victim of head-hunters, who prowl the corporate corridors looking out for suitable and skilled hands that can turn out work and fist out competition. 4. 2. IMPACT OF EMPLOYEE TURNOVER ON INDUSTRY The impact of attrition on an organization will be adverse as it is not easy to find a substitute for a well-trained employee.

Moreover, the various costs incurred in recruiting and training a new employee in his position will be a loss for the company. A survey by Ernest ; Young calculated that the cost of replacing an employee, for e. g. , a middle

level manager, might be as much as one and half time the employee's salary who is quitting the job. The various employee turnover costs are employee advertising, candidate screening and interview, exit interviews, new employees' selection and training. Attrition adversely affects the companies' plans to improve utilization of resources.

Indian companies are realizing that an astonishing number of Indian employees have serious physiological problems. Employees suffer from coronary heart diseases, ulcers, severe headaches, gastrointestinal problems and depressions due to stress-related problems in the workplace. As such, software companies have hit upon a simple idea to cure their distressed employees by offering online counseling. According to corporate statistics, the number of people choosing the anonymity of online counseling is higher than those seeking the help of a conventional shrink by three to four times.

While organizations generally lament the challenges that they have to constantly face as a result of employee turnover, some consider that attrition is actually not always damaging for an organization. One school of thought suggests that some level of attrition is actually advantageous and necessary for an organization's growth and development and, depending upon the type of attrition, there will be a positive or negative impact on both productivity and profitability.

If an employee's continuation in service has a negative impact on productivity and profitability of the company and also a demoralizing influence on the work culture and team spirit, the organization benefits if such an employee leave. Such attrition is termed as `good attrition' and

signifies a less productive employee leaving an organization voluntarily. The problem with this argument is that the departure of an employee who belongs to the above category usually cannot be `controlled' by putting in place employee-friendly policies and the typical recourse is termination of the employee's services with the company.

Considering the fact that the above action is inherently an `unpleasant' exercise at the workplace, it is difficult to classify it as beneficial. Moreover, this so-called good attrition also brings forth the failure of the organization in hiring the right employee as well as grooming and training him to be productive. In contrast to the above, if the exit of certain employees causes a slowdown, however temporary it may be, in terms of work continuity and productivity, it is referred to as `bad attrition'.

It is important to evaluate it continuously, take appropriate corrective actions and adjust it so as to be consistent with the overall business plan. To counter attrition, organizations should formulate retention policies which are employee-centered and promote bonding between the employee and the employer. High attrition implies that certain essential skills are at risk or are not available due to the exit of the employees. If the skills are continually not available, the situation snowballs into a crisis with vital projects, revenues, etc. , getting adversely affected.

A high attrition also indicates the failure on the part of the company to put in place effective HR priorities and exposes its weaknesses. Attrition is negatively impacting BPO clients in numerous ways, most notably with regard to * Inconsistent delivery of expected service levels * Loss of client-

specific knowledge and experience * Greater resistance to off shoring in the broader client organization * Potentially greater investment in training the service provider staff Costs Associated with Attrition Cost of attrition in the BPO industry is 1. 5 times the annual salary. Indian BPO industry lose INR 300 Crore annually.

The total loss due to attrition was estimated to be 25% of the annual revenue. The following example makes the point clear and demonstrates how alarming the attrition can be to the BPO sector. * 100 employees at 10% attrition means 10 employees leave and are replaced each year. * A replacement cost of 80% of a salary of 25, 000 means the cost of each replacement is 20, 000. * The cost of turnover is therefore 10×20, 000 or 200, 000 a year. The prominent costs that a company has to incur whenever an employee leaves are summarized below. Recruitment costs Whenever an employee leaves, the company has to spend on fresh advertisements or recruitment, as also towards payment to the agency that handles the process. The internal recruiter's time to understand the requisites for the vacated post, build up and employ a sourcing strategy, assess potential candidates' background, arrange for and conduct interviews, make the employment offer and inform unsuccessful candidates may translate into anywhere between 30 to 100 man-hours per position. Also, the expenditure incurred on conducting pre-employment tests to help evaluate a candidate's skills, abilities, aptitude, attitude, values and behavior, further adds to the recruitment costs.

In BPO industry, agent level (low level employees who directly deal with the clients) recruitment costs the company approximately Rs. 5, 000 for each employee recruited. This is just the direct cost paid to recruitment agencies. Training costs Over and above the direct recruitment cost, an allied cost of training and managerial service is also involved. IT-BPO organizations spend a significant amount on the training of new recruits, which is equivalent to 3-4 % of their salary bill. Analysis indicates that the training spends per employee in the IT-BPO industry is among the highest in the service sector.

The industry is spending huge amounts on training its employees but most of the training is either induction training or process training. Motivational training, though most important, is grossly neglected. Enormous amounts of money spent on training are simply wasted due to high levels of attrition. A company has to bear the training costs of the new recruit in terms of cost of the person(s) who conduct the training, cost of departmental training, cost of various training materials, etc.

The cost may be notably higher for certain positions, such as sales representatives and call-center agents, who require at least 4 – 6 weeks or more of classroom training. Lost productivity costs Since a new recruit hired by the company to replace an employee who leaves, is not familiar with the organization and is still learning the new job, the company policies and practices, etc. , there is a certain gestation period before he begins to perform to his full potential. This leads to an inevitable loss in productivity and the company has to bear the associated losses. Each agent's job is non-productive or partly productive in the rganization for nearly the first 2-3

months. He does not contribute anything substantial to the company in that period. Hence an employee leaving the organization within the first 6 months is a bad investment for the company New hire costs Apart from the recruitment-related costs mentioned above, expenditure is also incurred on bringing in the new person into the system, like putting the person on payroll, issue of ID card as also the cost of a manager's time spent on developing trust and building confidence in the new recruit's work. Positive Impact There is another perspective on attrition which is specific to the BPO industry in India.

India at the moment is working on low end business processes, which do not require high skills. The reason for India's success has primarily been providing low cost high quality labor. Compared to competitors such as Philippines, South Africa, and Ireland, India is the only country where we have a balance between the cost involved and the quality provided. For Indian companies to remain successful in future they would have to keep the cost low. Tasks performed by an agent are routine and simple and do not need a sophisticated skill-set. Hence, there is not much advantage in retaining a highly experienced employee.

At the floor level operation, a part-time after a nominal training could work with the same efficiency as a two-three year experienced employee. The industry players therefore consider the present attrition as positive because it helps them to operate at a lower cost level. 4. 3. STEPS TAKEN TO REDUCE EMPLOYEE TURNOVER In this era of globalization, the company is responsible for communicating to employees where it wants to go and how it plans to

achieve its corporate strategy, providing employees with as much information about the business as possible, and responding to the career initiatives of employees with candid, complete information.

To move beyond the attrition issues BPO sector is considering following dimensions. Organizational Status The image of the organization in the eyes of the public and then the status associated with working in that organization has a bearing on the people staffing it. The identity associated with a Deloitte, or a Genpact or a Wipro accidentally contributes to lower turnover when compared to other lesser known BPO service providers. Though perceptions of status cannot be changed overnight, the smaller and marginal players can work towards creating an image of fair players to attract talent.

Word of mouth and referrals can slowly build the talent foundations of such companies. New Employee Socialization The organizational practices regarding the induction and socialization of new entrants set the ball rolling in the minds of the employees. BPOs so far have attracted the young and inexperienced, so there is a need to create a welcoming and youthful atmosphere. Seedy outfits and " I want this job done yesterday" kind of attitude could send wrong signals. The demand for a dedicated workforce is on the rise and poaching is a harsh reality.

So the first few days with the company can be crucial in shaping up the intentions of the recruits. Work Facilitation A slew of organizational and job attributes facilitate or inhibit task performance in organizations. The ambiance of many BPO companies leaves nothing to complain about-the environment, the interiors and the facilities reflect the new age emphasis on

an attractive milieu in shaping up a happy worker. However, glossy surfaces can take the employees only so far and no more. Cramped cubicles with hardly any leg space, routine low end tasks bring in repetitiveness and boredom.

The low end processes like voice businesses and back office operations tend to be limiting mentally. So here an industry specific need arises. The onus is on the companies to provide variation, diversity and creativity within the job features. Encouraging frequent and short breaks and providing opportunity for peer group socialization are the non-job factors which can break the monotony. Many BPOs follow a different timeline that synchronizes with their customers across the globe rather than the local clocks. This creates a unique issue for the industry.

Many manufacturing outfits have for decades worked in " four shifts. " The employees are rotated across shifts in these companies where the assembly line moves uninterruptedly. However, in the case of outsourced jobs that need to work real-time, the nature of the job is such that the work has to be done to suit the clients' timings all round the year. So it makes sense to evolve different metrics to measure the output and performance of the BPO industry rather than expect the employees to deliver as per established ways of measuring productivity.

Frequent breaks and reduced man days of work to compensate for the metabolic and psychological imbalances created could be considered as one of the options. Supervision BPO companies are to a large extent adopting new age practices of regular feedback, clearly outlined reward policies and

open communication processes. But these features have now become a norm rather than a special practice. So the emphasis is on adopting tailor-made supervisory practices to the specific group of employees rather than just adopting a particular style of functioning. Organizational Career Facilitation

The biggest drawback with BPO jobs today is that many of them are seen as stopgap jobs and not real career opportunities. The initial stages of evolution could not promise much to job seekers in terms of growth opportunities. But the industry has moved beyond these initial stages today. A clear outlining of the career path of every new recruit will provide the opportunities in this line of work. Providing scope for further education, tie-ups with universities to offer tailor-made courses for the people employed in the BPO sector is one way of ensuring that the employees do not reach career stagnation early on.

NASSCOM has devised certification programs to ensure quality workforce at the entry level. This initiative can be taken further by the BPO consortium and provide opportunities for lateral learning that will ensure employee growth. This will provide room for a makeover of the image of the BPO industry. Thus, BPO jobs will be seen as a serious career choice, rather than makeshift careers. Adopting people-centric practices and breaking the conventional mould of working are the best ways of ensuring employee retention.

Giving people an opportunity to grow is the best way of attracting and retaining talent in the burgeoning industry built on the concept of process outsourcing. Following are some examples of companies which are taking

steps to retain employees. EXAMPLES OF COMPANIES TO COPE UP WITH HIGH TURNOVER ISSUE * Major players like Infosys BPO, TCS and Wipro have training and education programmes for their employees * Pure-play BPOs like 24/7 Customer provides degree and diploma programmes via tie-ups with institutions. Noida- based firm EXL Services had taken 125 flats in Noida, where for a nominal rent, it housed young staffers. * EXL Services and Mumbai-based call center Epicenter were hiring older people and part-timers to cope up with attrition. * Computer Sciences Corporation gave its employees a six-month sabbatical to work with an NGO of their choice. * ICICI OneSource, the Bangalore-based call center, gave scholarships of up to INR 50, 000 to the employees who wanted to enroll in distance learning programs. Chennai based Cognizant Technologies offered, " multiple career paths" to its employees, that is, it allowed them to choose among different career options like project management, technical work or business development. * ICICI OneSource had also introduced a career diversification program, whereby the employees who had been with the company foe more than 18 months could switch to positions in the ICICI group after passing internal tests. * At Neilsoft, they had creche facilities within the company premises, and they had trained teachers to look after young children.

Company officials highlighted that women in the age group between 28 years and 35 years, increasingly selected call centers as a preferred career choice and for those female employees who had young children it became necessary for the companies to provide adequate facilities. * At E-Funds International, the company organized social and spotting events such as six-a-side soccer games and cricket matches. 4. CONCLUSION The primary

reason for people leaving the industry is due to the fact that the BPO industry is viewed merely as a stop-gap occupation. There seems to be a flaw in the way it is structured.

The industry is mainly dependent on youngsters who are taking time out to work there and making money in the process, while preparing for better career alternatives. For this group, BPO can never be a long-term career. BPO jobs are easily available. They are viewed as a source of easy money when other sources of funding are not available. Unfriendly working conditions, late night work shifts, high tension jobs act as deterrents for people to stick to the industry for a long time. Further, these jobs are not seen in good light by the society at large.

Nearly 50% of those who quit a firm, leave the industry itself. Nasscom predicts that by 2012 there will be a shortage of about 2, 62, 000 professionals in the BPO industry. Hence, the BPO industry in particular and the business houses and leading corporate in general should, devise suitable strategies for employee retention that should include not only internal brand building of the employer but also prudent and stricter recruitment processes. Normally, the maximum attrition happens within the first year of employment. To solve this matter the positive value of working in BPO sector needs to be brought out.

The monotonous nature of BPO jobs also needs to be addressed. Creating enjoyable working environment, introducing creativity in work, periodic job-rotation, and frequently providing quality feedback, need due consideration to promote fun at the workplace. There is a big motivational gap in the

industry. Employees join with excitement with high motivation but then soon the level get decrease. Due to that BPO industry continues to suffer from high-level of attrition stemming from factors like high-levels of stress and lack of opportunities for growth.

The organizations need to frame suitable employee retention strategies to avoid such discrepancies and preserve their assets i. e. , employees. The corporate should guide youngsters in structuring their career. Employees, in turn, are responsible for knowing what their skills and capabilities are and what assistance they need from their employers, asking for that assistance and preparing themselves to assume new responsibilities. BIBILIOGRAPHY *

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