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Retention strategy is one of the most critical to the long term health and success of any organization. According to the study conducted by NASSCOM and Everest India, the Indian BPO sector has been growing at more than 35 percent over the past three years and currently estimated at US$ 26-29 billion and could grow nearly five-fold to reach US$50billion in size by 2012. A known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

It is important since organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations costs up to five times of his salary. The IT enabled services (BPO) industry is being looked upon as the next big employment generator. It is, no doubt, one of the toughest task for an HR manager in this sector, to bridge the ever increasing demand and supply gap of professionals.

He has to find the right kind of people who can keep pace with the unique work patterns in this industry. Adding to this is the challenge of maintaining consistency in performance and keeping the motivation levels high, despite the monotonous work. The toughest concern for an HR manager in India is, however, the high attrition rate which is approximately 30-35 percent at present. In this regard an earnest attempt has been made by taking 120 respondents from the BPO sector in NCR to study the various challenges.

The statistical tools like factor analysis, means are being used. It concluded that attrition is the most challenging factor for all HR managers. Key Words: BPO, Process Outsourcing, HR Challenges, Performance management, Talent retention. Attrition is the biggest problem faced by BPOs these days. Attrition rate in BPOs is more than the attrition rate in any other sector. Information technology is altering the context within which HRM operates, providing both challenges and opportunities.

It is very important to control this attrition rate. Many retention schemes are applied in BPOs for retention. A single tool like training alone is not sufficient for employee retention. The best results for employee retention can be achieved by applying different tools strategically. Let us now learn about various strategies which can boost successful employee retention in BPOs. At the core of the change is network centricity or net centricity, which is the power of digital networks to distribute information instantly and on a global scale.

The new electronic networks provide three main types of connectivity (i. e. inter-organizational, intra-organizational, and extra-organizational) that blur organizational boundaries and yet offer potential for competitive advantage. At the same time, net centricity poses challenges to HRM in the form of issues with organizational relationships with employees via organizational identity and culture, managerial relationships with employees in virtual work arrangements, and employee adjustment and retention.

To reach its potential, net centricity requires HRM to be a catalyst and leader in such areas as developing dynamic capabilities, conveying organizational culture, and knowledge management. Net centricity also offers HRM the possibility of developing its own networked relationship with employees as a value-added means of enhancing employment relationships, and ultimately positively influencing both employee attitudes and behaviors.

To bring stability in business and increase customer service process. Nasscom has estimated that the Indian ITES industry will gross over $5. 7 billion by 2005 (based on a conservative year-on-year growth of 65 percent by Nasscom). • Staff/employee satisfaction translates directly into money quite quickly in the BPO industry compared to other industries. • To reduce the pressure on the recruiting process. • Recent acquisition deals by domestic & overseas BPOs make it even more critical to stabilize their back end operations to service new customers.

Outsourcing refers to the delegation of non-core operations from internal production to an external entity specialized in the management of that operation. The decision to outsource is often made to lower the firm costs, redirecting or conserving energy directed at the competencies of a particular business, or to efficiently use technology, resources, worldwide labor and capital. Typically outsourced business segments include information technology, human resources, facilities and real estate management, and accounting. Many companies also outsource customer support; manufacturing and engineering to market have gained importance.

Before we proceed it’s important to understand the underlying reasons for high attrition rates, which are pretty steep and are around 40-50%. Currently it is about 35% in non-voice and 45% in voice call centers. About 80% of them look for better careers within the same industry. Agents want to become team leaders. Team leaders want to become supervisors. Supervisors want the job of the CEO. Based on my discussions with the experts in the BPO industry, literature and data available, the following trends are seen:

There are varied reasons for attrition and the major reasons ones being (based on author’s sample study):- •10% Money •35% Night shifts •30% Monotonous/boring job •25%Others  Attrition stands for a gradual reduction in work force without firing of personnel, as when workers resign or retire and is not replaced. Business Dictionary states, Attrition is “ Unpredictable and uncontrollable, but normal, reduction of work force due to resignations, retirement, sickness, or death”. As per the Longman Dictionary of Contemporary English.

Attrition happens “ when people leave a company or course of study and are not replaced. ” As per The American Heritage Dictionary of the English Language, “ Attrition is a gradual, natural reduction in membership or personnel, as through retirement, resignation, or death. ” Dr. Paul Carr and Dr. Michael Hartsfield in their article “ Attrition as an HR Challenge“ (The Icfai Journal: HRM Review, March 2008) state that Attrition can be conceptualized in many forms but the two prominent forms of attrition are: attrition due to employees leaving an organization; and employees retiring from an organization.