

# SYNOPSIS OF THE THESIS ON A STUDY ON HUMAN RESOURCE MANAGEMENT IN BPO WITH SPECIAL REFERENCE TO HIGH EMPLOYEE ATTRITION

**JAMES. M. J.**

**Research Scholar**

**Dr. U. Faisal**

**Supervising Teacher**

## **INTRODUCTION**

The onset of globalization has prompted businesses and its leaders to think and act globally to be able to gain competitive advantage. Globally competitive organizations will depend on the uniqueness of their human resources and the systems for managing human resources effectively to become successful. Indian organizations are witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations.

Human resources represent the collective expertise, innovation, leadership, entrepreneurial and managerial skills endowed in the employees of an organization. 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 . Human Resource Management (HRM) is that part of management which is concerned with people at work and with their relationships within an enterprise. It consists of practices that help the organization deal effectively with its people during the various phases of the employment cycle: pre selection, selection, and post selection.

India is at the forefront of the rapidly evolving Business Process Outsourcing (BPO) market and is well established as a 'destination of choice' among global outsourcers. BPO is the delegation of one or more IT – intensive business processes to an external provider that in turn owns, administers and manages the selected process based on defined and measurable performance criteria. BPO exports are expected to reach USD 16 billion in

FY2012, growing by over 12 per cent over FY2011. The labor cost arbitrage in this sector is around 60 per cent of that in the US. The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. India is poised to become the hub for EPO, with its market size estimated to touch US\$ 30 billion annually by 2015, attracting 25 per cent of the US\$ 70-billion global EPO industry.

The Karnataka State is called the 'Silicon State of India' and Bangalore, its capital, is referred to as the 'IT Capital of India'. In India, it is the State of Karnataka that holds the pre-eminent position in the field of Information Technology. The Karnataka state has a considerable talent pool of well qualified graduates who can be employed by BPO companies. This favourable situation has led the researcher to select Karnataka as one of the population base for the study

Kerala is 'One of the 10 paradises on earth' for its natural beauty, greenery, rich cultural heritage and tranquillity and is, today, a one stop destination offering end to end solutions for the IT/ITES/Knowledge industry. Techno-park, Trivandrum, an autonomous society promoted by Government of Kerala is India's first technology park and among the three largest IT parks in India today. This is the first CMMI Level 4 assessed Technology Park spread over 300 acres. This favorable situation existing in Kerala state has led the researcher to choose Kerala as one of the base for the population of the study.

## **STATEMENT OF THE PROBLEM**

One of the major issues for HR managers in BPO sector in Karnataka and Kerala is the high employee attrition which varies between 20-50 percent. Employee Attrition (also known as labour turnover) is the rate at which people leave an organization. Attrition can represent a substantial cost of doing business. A comprehensive study to identify the critical factors causing high employee attrition in the BPO sector in Karnataka and Kerala states has not been done in the recent past. Also there existed a strong need to make an in-depth comparative study on the factors causing high employee attrition in the BPO sector companies located in Karnataka and Kerala states. This study is an earnest attempt to make a detailed analysis of the above issue.

## **SIGNIFICANCE AND SCOPE OF THE STUDY**

The present study aimed at identifying the critical factors affecting high employee attrition in BPO sector and suggesting remedial measures to address the high attrition problem. The different BPO sectors (area of work) included in this study are financial accounting, customer services, procurement, human resource, application process and others. The study gives a warning signal to the BPO sectors, in Karnataka and Kerala to immediately adopt innovative strategies to tackle the continuing high attrition problem. This study will be helpful to the management of BPOs located in Karnataka and Kerala to focus on the critical factors identified in the study in addressing the employee attrition problem. Also the study will enable the readers, researchers and practitioners (HR Managers) to have a professional approach in addressing the critical issue of employee attrition.

## **OBJECTIVES OF THE STUDY**

1. To study the variation in factors causing high employee attrition among different Areas of BPO.
2. To study the variation in factors causing high employee attrition between the states of Karnataka and Kerala.
3. To study the variation in factors causing high employee attrition between national and multinational BPOs.
4. To study the variation in factors causing high employee attrition among the respondent's age groups.
5. To study the relationship between maximum number of hours worked and the employee attrition.
6. To study the difference among the designation groups towards employee attrition.
7. To study the similarities and dissimilarities between the states of Karnataka and Kerala among the employee attrition factors.
8. To study the nature and state of high employee attrition in BPO sector companies.
9. To identify the critical factors causing high employee attrition in the BPO sector.
10. To identify the non-critical factors causing high employee attrition in the BPO sector.
11. To study the reasons for stress and rank them in the BPO work environment.
12. To suggest innovative measures for reducing employee attrition in BPOs.

## **HYPOTHESES**

**Objective: To study the variation in factors causing high employee attrition among different areas of BPO**

1. There is significant difference among the BPO areas in the average scores of lack of integration and goal setting.

2. There is significant difference among the BPO areas in the average scores of motivation and appreciation.
3. There is significant difference among the BPO areas in the average scores of work atmosphere
4. There is significant difference among the BPO areas in the average scores of labour welfare and corporate governance.
5. There is significant difference among the BPO areas in the average scores of maximum number of hours worked.
6. There is significant difference among the BPO areas in the average scores of dissatisfaction with rewards and hikes.
7. There is significant difference among the BPO areas in the average scores of human resource management practices.
8. There is significant difference among the BPO sectors in the average scores of dissatisfaction with salary and perks.
9. There is significant difference among the BPO sectors in the average scores of food and relaxation.
10. There is significant difference among the area of work groups in the average lack of transportation and talent scores.
11. There is significant difference among the area of work groups in the average work and family conflict scores.
12. There is significant difference among the area of work groups in the average work from home scores.
13. There is significant difference among the area of work groups in the average lack of work ethics scores.

## **RESEARCH METHODOLOGY**

The present study is designed as a descriptive research design based on primary data and secondary data. The population of the study includes the employees working in the BPO sector organizations located in the states of Karnataka and Kerala. The respondent's area of work includes financial accounting, customer services, human resource, application process, procurement and others. A pilot study has been conducted by choosing 50 respondents (employees) from different levels of 5 BPO organizations located in Karnataka. Reliability analysis has been done by taking a sample of 50 respondents. The sampling procedure adopted for the study is Quota sampling technique. The primary data collection is done in two stages. In the first stage, a well-structured questionnaire has been developed and pre-testing of the questionnaire has been done by choosing 50 employees (respondents) from different levels of 5 BPO organizations from Karnataka and Kerala states. In the second stage, primary data has been collected by conducting an expert opinion survey using interview schedule developed separately for the samples selected from Karnataka and Kerala states.

## **TOOLS OF DATA ANALYSIS**

For the Statistical analysis of the data used in the present study, the major tools used includes: Factor Analysis, Multiple Regression analysis, Analysis of Variance (One-way ANOVA), Chi-Square test, T-test, pie-charts, averages, percentages graphs, bar diagrams, tests of significance and statistical packages (SPSS).

## **MAJOR FINDINGS**

The study has identified 13 factors through factor analysis as: lack of integration and goal setting, work atmosphere, work and family conflict, food and relaxation, motivation and appreciation, work from home, dissatisfaction with salary and perks, maximum hours worked, occupational health problems, labour welfare and corporate governance, dissatisfaction with rewards and hikes, miscellaneous-lack of transportation and talent and lack of work ethics.

It has been found that the factors : lack of integration and goal setting, work atmosphere, dissatisfaction with rewards and hikes, dissatisfaction with salary and perks, food and relaxation and work and family conflict, affect employee attrition very significantly either at 1% or 5% level among the locations Karnataka and Kerala. It has been found that the factors: lack of integration and goal setting, dissatisfaction with rewards and hikes, dissatisfaction with salary and perks, maximum number of hours worked, affect employee attrition very significantly either at 1% or 5% level among the locations of Karnataka and Kerala states.

### **CRITICAL FACTORS:**

- Employee's salary- those who draw higher salary have higher levels of attrition than those who draw lesser salary.
- Number of hours worked affect the attrition score positively. Those who work longer hours have higher level of attrition than those who work lesser hours.
- Age of the employee has affected attrition significantly. For example, respondents in the older age group have lesser attitude towards attrition.
- Global position-wise, multinational BPO employees are having higher level of attrition scores than national BPO employees.
- Gender-wise, males have more attrition tendency than females.

- Location-wise, Karnataka respondents are found to have more attrition scores than Kerala employees.

#### **NON-CRITICAL FACTORS:**

- Experience of the employees in the present organization.
- Number of training programmes attended.
- Strength factor affected attrition. Those who have given higher scores or ratings for strength factor have less attrition.
- Human Resource Management practices affect the attrition scores. The employee's attitude towards attrition decreases when these variables are on the higher side.

#### **RECOMMENDATIONS:**

From the findings that emerged from the study, the following recommendations are given to address the major issue of high employee attrition:

1. Introduce highly competitive salary packages for the BPO employees to reduce the high employee attrition problem.
2. Tailor the compensation system as per the employees' credentials
3. Introduce performance-based bonus in the employee benefits
4. Make the reward systems transparent in the organization
5. Only 5 out of 150 employees become team leaders in a year, hence cash incentives are one way to keep the employees happy.
6. Increase the number of employees promoted to team leaders' level to 10 from 5 so that, out of 150 employees in a year, one out of every 15 employees gets promoted, and the attrition factor, lack of career growth is addressed.
7. Encourage suggestions on salary packages from internal experienced staff members.
8. Age should not be a barrier for training employees and could in fact bring in more stability to the company.
9. Bring in flexibility in opting for lengthy working hours by focusing on task completion within the target date.
10. Adopt flexible working hours to reduce the problems associated with lengthy working hours.

11. Encourage humour and laughter in workplace to deal with stress which will ensure that the employees are happy which gets reflected in their services especially critical in voice based transaction.
12. Understanding of the employees and their needs on a personal basis will make managing them much easier.
13. Make a genuine praise and a constructive feedback.
14. Companies need to go in for a diverse workforce, which does not only mean race, gender diversity, but also includes age, experience and perspectives. Diversity in turn results in innovation and success.
15. Benchmark the organization's HRM practices with the one best in the industry.
16. Ensure a very positive work environment to see that each employee gets self – respect and dignity in the organization.
17. Treat the employees with respect, compassion, and fairness.
18. Introduce innovative and highly effective HRM policies which are unique when compared to the ones in similar industry.
19. Introduce family benefit plans to reduce work and family conflict
20. Get Feedback on the workplace to assess and redesign the work atmosphere