Factors Leading to Employee Attrition in BPO Industry: A Review of Literature in the Indian Context

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ABSTRACT

The growth of the BPO Industry in India can be largely attributed to the abundance of requisite manpower. However, this vital resource has also emerged as a cause of a major challenge for the Industry; the challenge is vested in the high levels of employee attrition. High attrition is responsible for the monetary and performance related setbacks faced by the organizations. A number of studies have been undertaken in the academic as well as in industry circles to identify the factors responsible for high attrition in this Industry. The paper attempts to highlight the diverse factors responsible for attrition on the basis of review of literature comprising of seminal studies undertaken by researchers.

Keywords: Attrition, BPO, Causes of Attrition, Retention, Job Stress.

1. Introduction

Business Process Outsourcing has emerged as a buzzword in the industry circles of the developed countries and which has immensely benefitted developing countries like India. Not only it has generated direct and indirect employment for millions but is a source of precious foreign exchange for the country It involves transferring some of an organization's repeated non-core business processes to an outside provider to achieve cost reductions along with improved quality. Outsourcing the non-core processes in order to concentrate on the core ones is how the leading companies prefer to work now. In this business arrangement, the outside provider not only takes on the responsibility to manage the function or business process, but also re-engineers the way the process has been done traditionally. The most common business process that gets outsourced is call centers. Call centres and Help Desks of many multi-national and fortune 500 companies are being outsourced to low waged, English speaking countries such as Philippines and India. Countries like India with vast IT human resources are also attracting outsourcing from American IT/ Technology companies to outsource their IT Help Desks

BPO has become the obvious strategic choice of the companies looking at the visible profits of cost reduction while improving the quality of service, increasing shareholder value etc. (Shah and Sharma 2007).

Presently, India has emerged as a prime destination for the companies that want to outsource its business processes. From a modest start nearly two decades back, the BPO sector has been growing at an unprecedented rate. However, one of the most significant challenges before the Indian BPO industry is high attrition rates.

According to Mehta et al. (2006), of all the challenges posed to BPO organizations at various levels, attrition, absenteeism and motivating employees are the major ones that dominate at the middle level. The attrition rate in the industry has been reported to be 35% on an average, which is quite high for any industry.

Attrition has had far reaching adverse effects on the BPO Industry. High attrition considerably increases the operational costs of the organization. The organizations also have to deal with disruptionsin work due to unplanned exits. Higher the attrition, higher the drain on the company's resources like recruitment expenses, training and orientation resources and the time. The high attrition rate also affects the productivity of the organization.

2. Objective

The present study involves enlisting the principal causes of attrition in the Indian BPO Industry and substantiating it with seminal studies undertaken by researchers.

3. Review of Literature

The following is the brief review of relevant literature for identifying certain factors which may lead to attrition of employees in the BPO industry in India.

ODD WORKING HOURS

According to Prakash & Chowdhury (2004) late night work shifts aggravate the problem of attrition in BPOs. Similarly,**Joshi, R. (2004)** on the basis of his study has also contended that Odd Working hours forms a factor responsible for attrition. **(Chakravorty,2005)**observed that the industry involves unusual work hours as the BPO industry caters to customers in the west and the time difference could vary from 8-12 hours. **Raman, R (2006)** also stated that Odd Working hours is a crucial factor in respect of attrition in the Indian BPO industry.

Gupta, Vibha (2013) emphasized that night shifts and weekend work results in dissatisfactory work-life balance which is a major driver of attrition. **Thamizharasi, K and Uma Rani (2014)** conducted a study on work stress and job performance evaluation of employees in BPOs. It was observed that every employee is expected to work for long hours, perform multiple jobs, available for 24 hours in seven days. Such circumstances cause disenchantment, reduced job satisfaction among employees of which the final outcome is employee attrition.

CAREER PROGRESSION

Joshi, R (2004) opines that issues such as Unsatisfactory Monetary Rewards, Lack of Clarity about expectations from employees make them un-successful, other issues are Lack of Clarity about performance based incentives & benefits, Lack of Feedback about performance and failure on the part of management to provide a framework within which the employee perceives, cause employees to quit their jobs.. **Budhwar et. al (2006)** observed that the emphasis on career development and training appeared to be somewhat less in the Indian BPOs as compared to their western counterparts. **Raman, R (2006)** used a new term "Drag Attrition" which is caused by factors such as low perceived value of their job, lack of recognition of work experience of BPO, outside the BPO industry, dearth of opportunities for career advancement, lack of time based promotions.

Bhaduri , A. (2008) opines that longevity in an organization is about doing everything that careers are about. The author argues that in order to tackle attrition, BPO organizations have resorted to gimmicks like weekend parties, branded café in the office, gym facility, excursions etc such measures prove to be

of short term relevance so if organizations want to manage attrition in the long term then it has to pay serious attention to career building of its employees. He suggests that one should start by looking at the performance management system of the organization. In his opinion, every manager should be adequately trained to give candid feedback and also to coach the members in his team so as to propel them towards learning and excelling in performance and thus facilitating their career growth which is a potent tool to fight attrition in the long run.

Ananthraja A. (2009) examined the factors responsible for employee turnover in business process outsourcing companies. He identified System-Related Factors such as changing policies of company, lack of technical career advancement, lack of opportunity for continuous up-gradation of skills, facts that proprietary technology does not add value to bio-data, postgraduates are not given any additional benefits, delay in promotion, lack of transparency in appraisal and promotion policies, unfair appraisals, unsure future, limited career growth opportunity combine and contribute towards employee attrition in BPO sector. The researcher suggested that every organization should focus on Employee Relationship Management (ERM) to retain their employees. Fulfilling the reasonable expectations of employees should be a continuous process. According to **Thite, Mohan and Russell, Bob (2010)** Employment Security is not considered by majority of the employees as a significant reason to stay in the job. Secondly, employees who considered their employment prospects to be good and the possible ease of job substitution showed more inclination to exit.

Gupta, Vibha (2013) seconded the view that lack of career prospects is a significant cause of attrition in the BPO industry. According to **Sivarethinamohan, R and Aranganathan, P (2013)** Low Career Growth, Lack of skill variety Good Salary expectations & Turnover Intentions constitute potent factors of attrition.

Bharathi N & Paramashivaiah P (2015) observed that issues like Lack of Career Advancement, Job Life span (job security) and Nature of job assignments are the job-specific variables that require the most attention for improvement. In the absence of the required attention, such factors will continue to result in attrition.

JOB STRESS
According to Prakash & Chowdhury (2004) BPO jobs are high tension jobs, the element of High tension act as deterrents for people to remain in the industry for a long time. **Chakravorty(2005)** observed that insufficient holidays is among the prominent causes of attrition in the BPO Industry. Organizations that cater to western clients do not observe holidays on the festivals like Diwali, Holi, Eid etc. thereby requiring employees to work on such vital festivals, apart from this .high work targets and irate customers causes tremendous job stress which eventually leads to attrition. **Budhwar et.al (2006)** found that communication and counseling related to managing stress within the organizations was lacking overall and more so in smaller call centres. High turnover of employees could be attributed to their psychological situations which were dependent on the amount of stress a typical call centre agent would have to undergo. It was observed that a very less percentage of training and development time was spent on stress management sessions. **Raman, R (2006)** introduced a new term "Drive Attrition" which is caused by factors like lack of holidays and strict control on leave.

Shanthi and Bhargava, H (2007) observed that a number of factors like call-volume, work-timings, and repetitive processes contributed to stress which results in attrition.

Thamizharasi, K and Uma Rani (2014) also concluded female employees in BPOs suffer from higher stress as compared to their male colleagues. Specifically, women suffered higher stress due to late night shifts.

UNCONGENIAL WORK ENVIRONMENT

According to **Prakash & Chowdhury (2004)** unfriendly working conditions in BPO sector result in attrition in a major way. According to **Shah, Hardik and Sharma, Vinay (2007)** Working Conditions and Colleagues were the major source of dissatisfaction among the employees. **Shanthi and Bhargava, H (2007)** expressed the view that there is a significant change in life style of people working in BPOs. The young workforce (both male & female) tend to develop certain bad habits such as alcohol, smoking etc. also the spending patterns of such people have changed as the money is spent more on lifestyle products, and recreational activities. It was also found that the employees accepted that their financial condition has improved but they denied that BPO employment inculcates better work ethics. In the study conducted by **Thite, Mohan and Russell, Bob (2010)** HR Managers who were interviewed for the study, opined that call center jobs suffered through a negative image in the society and to improve the situation it required to be re-branded as a "serious career option" but doing so involved a major challenge.

K R Sreerekha and Dr. T.J. Kamalanabhan (2012) argued that in a call center set up , work is highly formulated and tightly controlled and computer technology overrides management employee relations. The study suggested that management should set up an open channel of communication in line with the daily routines to enable employees to express their feelings, ideas and views. This can help the management in obtaining information regarding employee job satisfaction. Apart from this, management can also help employees to manage their stress especially among the front line representatives in call centers who experience high levels of stress while dealing with demanding clients.

Gupta, Vibha (2013) also emphasized that deficient organizational culture contributes towards attrition. **Sivarethinamohan, R and Aranganathan, P (2013)** identified factors such as Deprived Supervision, Poor Training and unfavourable Working Conditions , Low Self-fulfillment, Sub-Standard nature of the job, Dissatisfaction with colleagues and Lack of Authority that result in employee attrition.

Bharathi N & Paramashivaiah P (2015) concluded that Communication flows in the company are the environmental Factors that require greatest attention for improvement. Coaching / mentoring by superiors. Employee empowerment (powers in decision-making) and Motivation Levels are the organizational culture and strategy variables that require most attention for improvement in the results of retention efforts made by organizations.

HEALTH ISSUES

Raman, R (2006) identified that health problems arising due to the nature of jobs in BPO cause attrition. **Shanthi and Bhargava, H (2007)** opines that sleeplessness, depression, fatigue and hearing ailments are common among BPO employees. They concluded that since the job is stressful, better pay can temporarily satisfy the needs of the employee but once the employees face serious health problems it is likely they quit the industry.

According to **Sivarethinamohan, R and Aranganathan, P (2013)** odd working hours and job stress cause mental as well as physical problems to the employees. When these problems increase, then they give anxiety & tension to the employees and ultimately the productivity of the employees decrease which finally assumes the shape of employee attrition.

MONOTONOUS JOB

Joshi, R. (2004) on the basis of his study has identified Monotony of the jobs as a factor responsible for attrition. **Shah, Hardik and Sharma, Vinay (2007)** stated that the monotonous nature of work is one of the leading cause of high attrition in the BPO Sector. **Shanthi and Bhargava, H (2007)** noted that BPO jobs involved repetitive processes which are not only monotony but cause mental stress as well and eventually it leads to attrition. **Ananthraja A. (2009)** identified Factors such as disliking the nature of work, lack of variety in work, mismatch of interest as mainly responsible for attrition.

4. Conclusion:

The various research studies conducted to probe into the causes of alarming attrition in the Indian BPO Sector, have identified certain common factors which have been responsible for triggering attrition, such as Odd Working Hours especially nights shifts, Disruption in Social & Family Life, Lack of Growth Opportunities, Monotonous nature of job, Work related stress, Low perceived value of the job, uncongenial work culture, Health issues arising out of employment in BPO jobs. In addition to these, there have lapses on the part of the organizations in terms of projection of BPO jobs as non-serious, fun oriented jobs wherein retention effort is driven by providing recreational facilities and excursions etc. It is common practice that in order to fulfill the manpower needs, young people are often misinformed & misled at the time of entry, about the job requirements working conditions and challenges however when they face the unexpected & cruel hardships pertaining to BPO jobs ,they find it difficult to cope with them and quit not only their respective jobs but most of the time , they quit the industry itself.

There is lack of career planning for employees due to which employees do not regard BPO sector as a long term career option. The social, psychological and medical problem due to odd working hours and work related stress have not been addressed well enough by the organizations. Furthermore, organizational culture requires improvement in terms of flow of internal communication, clarity of organizational policies and objectives, defined performance standards and fair performance appraisal & reward systems, recognition & job security etc.

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