Attrition in IT-BPO : A Critical Appraisal in Indian Context

The Alarming Cost and Less Competitive Advantage.

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ABSTRACT

*Attrition in IT-BPO not only pushes up costs incurred on the training of employees but also affects productivity that too with the ideal level of **'Knowledge maturity'** of the organization and the employees. The organizations having capacity to withstand its long lasting relationship with employees would survive in the marked place and others would fade away in the long run. The final solutions of IT-BPO lies in the stabilization of business operation and availability of trained and matured manpower in abundance and which may bring sustainable solution for the high attrition in the sector. The commitment of employees at all levels will help the industry to stabilize, grow and add value to the economic growth.*

1. INTRODUCTION

Outsourcing of IT operation has become so pervasive function that no IT Managers and CIO of any organization afford to ignore this option. The outsourcing of the IUT functions is primarily done to reduce that cost, to have access to IT skills global level and new technologies, to speed up the delivery process and to keep focus on their core competencies by sparing low end word to third parties. According to industry estimates, the IT-BPO sector in India contribution 4.1 percent to the country's GDP in 20004-05. With an increasing number of organizations in the US, UK, Canada, EU and Australia giving preference to business process outsourcing to low-cost countries like India, China and Philippines. With a projection of 50 percent annual growth, India has not only emerged a s star performer in IT-BPO sector, but also is at the thresh hold of dramatically high growth rate in the future. NASSCOM projects that outsourcing has a huge potential for generating revenue and employment (See Table 1.1) In India, IT-BPO began to evolve only in early nineties with the setting up off operations by MNCs like American Express, British Airways etc. Anticipating the potential of huge growth in this sector the Indian IT Multinationals and domestic firms ventured actively in this segment in order to add and stabilize their revenue models. IT business outsourcing operating in India primarily aimed at managing e-mail, storage, training, process re-engineering, internet access, network, security and firewalls web services, e-commerce, post implementation package support, portal development, customer support services, data entry services, security certificates, logistics multiple subcontracting, web learning spaces for the parties not interested in doing all these activities in house, the only reason being higher costs involved.

India has emerged as the world's most attractive IT-BPO destination on account of her location increasing investment in infrastructure, liberalized telecom sector and friendly regulatory environment.

TABLE 1.1

EMPLOYMENT IN IT-ENABLED SERVICES

Year	2000	2001	2002	2008 Expected
BPO	23600	35000	68000	570000
Other IT Enabled Services	21400	35000	38200	530000
Total	45000	70000	106200	1100000

Source : IDC, NASSCOM

Attrition is not a new problem will continue to exist in any industry. Attrition increases the overall cost of operation in the global market place and put the firms at lesser competitive advantage. Attrition not only includes loss of talent but also arises security therat for the firms in terms of loss of business and lekage of information form the ofganization. The attrition rate in the industry has been hovering around 25-30%, At least 60000 of the 171000 workforce of IT-BPO changes jobs every year, which is alarming for any industry. An average Indian IT-BPO center employee works with a company for 11 months, where on an average UK call center employee stays in a company for 3 years. Therefore it is imperative for the sector to bring down attrition and stabilizes its growth.

Attrition cost includes the cost incurred on recruitment, training, either paid by recruiting agencies or/and borne by employes directly, cost of overtime etc. This also includes the opportunity cost like cost of customers employee on board and job posting through channels to the training part that is involved in the recruitment process. The advertising cost is also paid to the agency in case the hiring is done through recruitment agencies. Salary of the HR team involved in the recruitment process, travel, and relocation charges by number of hires would also result in to the high cost of attrition.

2. OBJECTIVES OF THE RESEARCH STUDY

The present study is done to attain following specific objectives in the area of IT Outsourcing.

\# To study the Key factors involved in the attrition in the BPO-IT Segment

\# To study the avenues of of growth and the opportunities available to employees of Indian IT-BPO Sector

\# To chalk our the strategies to reduce attrition in the BPO-IT Segment.

3. KEY STRENGTH FOR INDIAN BPO INDUSTRY

Indian has emerged as the world's most attractive IT-BPO destination on account of her location increasing.

Investment in infrastructure, liberalized telecom sector and friendly regulatory environment. India processes csecond largest pool of English speaking workforce. The government, promoters, management team, employees, consultants, nedia in amalgam have created an conducive environment for growth of IT-BPO Industry and playing significant fole in developing this sector of economy. The people can an employment in this in this sector after putting them in only a few training sessions.

So the candidates with traditional university education with under graduation degrees can be hired easily in this sector. The sector has an advantage of cost effectiveness as there exists huge gap in the salaries in India and other competitive countries such as Philippines, South Africa and Ireland. India is the only country where the outsourcing firm get the right balance between cost incurred and the quality provided. India possess huge pool of entry level employees for IT operations in BPO but reverse is the cas in middleand senior level of the hierarchy in the sector.

4. REASONS OF ATTRITION IN IT-BPO

Attrition is relatively higher in IT-BPO industry in India. The reason for such high rate of attrition in the BPO sector in general and call centers in particular is the lack of enrichment potentials in terms of career growth. The growth of BPO industry is mainly dependent on the cost effectiveness and quality of its manpower. The inexperienced middle and frontline management is responsible reason of attrition. Employees expect professional approach with low volume of subordination from the management compels turnover of employees, who look for freedom good treatment from the superiors, good encouragement, friendly and conducive work environment. The work commitments of IT-BPO have to be completed under a specified time tame round the clock, which put employees under high pressure and stress. The firms plloing large number of projects together are stretching working time for employees and developing stress on them.

It is common that employees are moved form process them selves with companions in BPO operations that makes for employees difficult to adjust new and assignments resulting in to attrition as ultimate. The IT-BPO generally employs youngsters who took their jobs as temporary and part time option and are always ready to change their jobs quickly. Further more, the advertisements placed in media for recruitment in IT-outsourcing operations projects very rosy picture of the industry like work for fun, flexible timing schedule with no age foundation and good salary packages resulting into mismatching of job expectations with that or reality.

Hence generally employees who start their carrier in cou bound call center quickly switch over to inbound one. Similarly employees with professional qualifications start searching jobs in inbound process where work pressure is little lesser. The employees having strained relations with their bosses also increase employee's turnover ratio. The employee engaged in IT outsourcing operations has to work under high specifications which create less potential of job enrichment in terms of growth. Higher salaries, better positions and greater benefits are the most important reasons for attrition. The employees expect salary revision once in 4-6 months and if it's not there they move on to other organization. Some times personal reasons pay an important role. Female employees quits job for marriage and for other similar reasons. Employees have varied expectations and it takes time to understand.

By the time an organization understands the expectation of employee, he or she may change the job. It is always difficult to come up to the needs of each individual. For example, If a friend leaves, another close friend will another 3-5 persons to leave. Yet another important personal reason for attrition is pursuit for higher education. Technically or professionally qualified staff with degrees like BE, MCA and others leave jobs further advanced studies. Health is let another factor which contributes for attrition. Employees usually get affected with health problems like sleep disturbances, indigestion headache, throat infection and ladies also with gynecological dysfunction. Employees having allergic are unable to cope with the air conditions and tends to face various health hazards. Lack of carrier growth creates impatience in employees.

Employees expect professional approach with low volume of subordination from the management compels turnover of employees, who look for freedom good treatment from the superiors, good encouragement, friendly and conducive work environment.

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As demand for trained and competent manpower is very high so poaching became a practice in IT-BPO because it pays more in lesser time. The poaching means quicker promotion in salaries 7 grades in short span while rolling over tram organization to organization. It is also acting as a source of damage the competitor's ability to achieve strategic objectives. The placement agencies have daya and doing more business. They give temptation flr higher salary and status for moving form one job to another. Most of the organizations have employee refereal schemes. Existing employee is asked to refer names of other employees in his previous organization and employers use existing employees for promoting poaching.

The problem is grave for the third-party outsourcing companies which is just ventured into the business as it is difficult for them to invest significantly in trainng of personnel and bulding its own brand. Captive BPOs like GE and American Express are established players in the business, but they too are a different kind or problem their middle and senior level managers are being poached by the new entrants in the industry. Further the job-profiles in IT-BPO is mechanical 7 repetitive resulting in monotony and reduction in efficiency. There is no benchmarking of compernsation benefits versus performances. Hence it creates loss of interest in the job. The employee with opportunity of growth are relatively stable. The BPO employees are direct exposed to the customers countantly. Hence they develop customer friendly attitude that helps them to switch over to other marking jobs in various types of the industries. Some times integration of business operations like mergers ands acquisition are not properly communicated

to employees they get information through corporate grape wine of the media which creates resentment in the employees which ultimately leads to turnover.

The other reasons for attritions the popular perception about the industry as it being a gap filler occupation. The industry has been mainly dependent on youngsters who are accepting odd timing of work for making money in the process but always thinking for other career alternatives. They never take BPO job as long term career. The easy availability of BPO jobs is only a source of easy money until there is another source of earning. Also the unfriendly working conditions like late night shifts acts as a d eterret for people for not sticking to this industry for long time. The industry is also not being taken with a positive geature by the society at large. Unfortunately it is regarded as a low value jobs with less dignified working conditions requiring no higher of professional qualifications. Hence persons in this industry are viewed as persons of low abilities.

This attitude is developed because of the mass recruitment of unskilled persons by BOPs is possing yet another sociopsycho problems in the metros.

5.   STRATEGIES FOR RETENTION OF THE EMPLOYEES

Since IT-BPO is people intensive industry lot much investment is required to be made on employee morale effective recruitment development and retention of the employees. The HR department must go for the analyzing the to check root cause attrition by clearly up lifting the carrier graph of an employee with the growth of organization along with the optimization of available resources.

Earlier the retention of personal was the sole responsibility to HR department and at the most the department heads was made accountable for the retention for the retention of talent with in the departments. But dynamics of BPO operation requires multi dimensional approach at all the levels to retain and to develop its existing talents. BPO firms must try to develop innovative HR practices which should provide stimulating work environment. To curb attrition industry must rationalize pay incentives scales and related benefits. Carrier by performance must be the watch word. Like subsidized food, transportation, loans, promotions and salary increase on a regular basis regular holiday packages, gifts outings, recreation clubs and employee stock option plan must be used to dovetail employees objective with that of organization. Lateral career moment should be designed for star performers in the company to act as motivation factor for the new entrants in the industry.

IT-BPO companies should try to beat attrition by adopting the policy of the recruiting the spouses and non recruitable persons like housewives and old age people of the family. The firm may provide accommodation to their employees at nominal rents, for example, EXL call center has taken 125 flats in Noida for its young staff.

At Marco Level

1. The outsourcing centres should be shifted to tram metros to other cities like Chandigarh, Bhopal, Lucknow and Dehradun. This would enable them to tap the manpower that been largely remained untapped.

2. Move from BPO to KPO Segment as a long term solution BPO firms should must try to develop value added services through operational excellence in terms of performance. The BPO should try to tap knowledge-hased jobs thus, covering Business Processing in to knowledge Process. Only then they can retain. Employees with professional education. Globally the KPO pie is estimated to touch $25 billion by 2010.

3. Forming of national level of forum the IT-BPO is still nascent industry in India. There is no single body of forum to represent the views, problem and issue of the industry at the national level. NASSCOM tages ITES under its purview but industry would be benefited only a body of its own.

4. Non poaching agreement IT-BPO companies should sign non-poaching comprehensive employment contract with there employees and a non-poaching treat with other companies in the Industry. Companies must share a common data of employees to ensure that people with criminal records do not get into jobs where they can access sensitive data of customers and their bank or credit card details etc. Wipro Spectarmind has already signed non poaching agreement with nine call centers in an attempt to curb attrition.

At Micro Level

1. Good HR Practices: Effective recruitment mechanism is to be development to place employees suitably on tactical & strategic level in the organization physically challenged people be given preference to bring stability. The job profile should be properly explained to the employees

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to avoid mismatch to this expectations. HR should try to focus on career plans of individual employees. Counseling must replace unable schedule, quality and productivity of the employees in the organizations. Promotion police must match with the growth of a company. Vacancies at a higher level be filled by promotion rather than fresh appointments. Cross functional training should be provided with focus on continuous learning. Focus must be on manpower training according to the requirements. The internal training department should aim at improving skills relevant to the work profiles Environment with in must be so developed that the learning and growth opportunities of employees go together in the organization. Employees must be encouraged by HR department to enroll them selves for distance learning programmes. Good examples are

i)   Wipro Spectramind and Zenstar technologies has arrangements with leading academic institutions like BITS pilani and symbiosis Pune to provide distance to education to its employees.

ii)   ICICI One source, a Bangalore based BPO employing more than 41,000 people provides scholarship of Rs 50,000 to an employees who enrolls for distance learning programme.

2.   Flexible Time Schedule : Flexi time schedules facilitate employees to work in different shifts. The companies should allow employees to work for the entire week and club the holiday together. Flexible time schedule must be intiated by the employees themselves and be approved by management to meet business commitment. Flexi time helps employees to meet personal needs like child or parent care, health check-ups, maternity, formal education programme etc. The work form home should be yet another idea to achiest both the ends i.e. organizational objectives and employees indivial and family needs.

3.   Work Life Balance: A balance between work and personal goals of the employees contributes positively for the attrition. The work life balance can be designed in following stages. At first factors of imbalance between work and personal requirement be identified. At secondly the employees should segregate the responsibilities at home and work place. Forth is to integrate personal responsibilities and career planning. Finally work-life harmony be achieved. HR departments must be cared up help employees in this endeavour.

4.   Career Diversity: To stem employee churn in the organizations and reduce monotony at the work place, the big IT-BPO should diversify the activities. For example ICICI One source has introduced career diversification programme whereby employees having 18 months, or more experience are allowed switch over to other activities of ICICI. Cognizant Technologies also offer multiple career plans for its employees, Thus technical professional can opt different career like project management etc.

5. The Family Member of Employees: The company should interact with family members and close friend of the employees before their decision to join centre company the nature of work and must occasionally involve them in activities like employees children day celebration, Pizza Parties, Picnic, group dating in the office cafeteria for reliving stress and feeling of the belongingness.

6. Recognition: Learning cum growth facilities policy enable firms to attract the talent as it is most cost effective motivation for retaining the personnel. The rewards be given to employees on completion of specific number of days in the organization. The rewards performance level of the employees is achieved and be published in company newsletter and videotapes.

7. ERM Cell: The employee relationship cell should help the employees to have one to one session, developing and sustaining of the employee friendly conducive atmosphere. The cell must provide solutions problem of attrition by removing reason for it.

8. Employer Branding: Employee branding results into building of overall image of the organization both internally & externally to give edge over in the market. This in turn attracts prospective talent.

9. Effective Flow of Communication: Effective communication mechanism with employees will create sense of belongingness in them. This can be used as retention and motivation tool. Effective communication helps the organization to align employees with company's vision and mission. Wipro has stated a portal for its employees called Channel 1 W 1. The channel is available on employee's desktop featuring business and personal sections with the initiative is to bring Wipro employees together.

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