

# Retention Strategies to Control Attrition Rate with Special Reference to BPO Sector

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**Abstract**— Human Capital is an important asset to each and every organization and it is the most crucial and important resources on which the Information Technology Enabled Services & Information Technology (ITES & IT) depends. The biggest problem of information technology & BPO sector is to retain their employees. The HR manager is facing a tough time in finding a suitable employee with required skills, experience and ability, to fill up the vacancies on account of exit of key employees. When the key skilled soft-ware developers quit their jobs, they take away with them the critical and the important knowledge of business processes and systems which is essential for maintaining a competitive advantage to the organisation. Therefore, it is essential and important to protect this vital resource, as talented and motivated employees play an important role in overall growth, development, and success of the organization. Employee retention techniques positively impact the organization as it increases the performance, employee productivity, quality of work, reputation of the organization, profits, and reduces turnover and absenteeism. With the help of this study we will be able to understand the reasons behind why do IT professionals switch their jobs so fast, why retention is needed & to understand the various retention strategies adopted by BPO sector to retain their employees.

**Keywords**— Employee Retention, Retention Strategies Employee Retention, Control Attrition

## 1. Introduction

Employees play a very important role in every organization and are considered to be the most valuable asset of the organization. It is important to protect this vital resource because the most talented and motivated employees, they play a very important role in the overall growth and development of the organization, but the biggest problem faced by the BPO sector is the problem of attrition in this modern era. Attrition rate in BPO sector is much higher than the attrition rate in any other sector so it is very important to control this attrition rate. To retain the employees in BPO's various retention schemes are applied to control this attrition rate. A single method of training and development alone is not sufficient for employee retention. By applying different tools and techniques strategically and taking various measures so that the employees are encouraged to remain in the organization for the maximum period of time, so that

the best results can be achieved. There is a process in which the employees are encouraged to remain with the organization till the completion of the project. Employee retention plays an important role both for the employee and for the organization also. The basic fact of retaining the best employees ensures increased productivity, increased sales, customer satisfaction, satisfied colleagues effective succession planning deeply embedded organizational knowledge and learning, reporting staff, etc

## 2. Proposed Framework

In today's scenario, employees are different. They are not the ones who don't have good opportunities in hand. Whenever the employees feel dissatisfied with the employer or with the current job, they switch over to the new job so it is the responsibility of the employer and the manager to retain their best employees in the organization and if they are not doing anything they would be left with no good employees. A good employer should know the techniques of how to attract and retain its employees. To retain the best employees every organization invests a lot of time and money to groom a new employee, make him a corporate ready material and bring him at par with the existing employees. So when a fully trained employee leaves the organization it brings a great loss to the employer.

Employee retention takes into account the various measures so that an individual stays in an organization for the maximum period of time. Employee retention strategies help the employees to motivate so that they remain in the organization for the maximum period of time and contribute to the organisation effectively. Sincere and honest efforts should be taken for the employees so that they can learn and grow in their current position and can enjoy their work. Employee retention has become a major concern for the BPO's in this present environment. When employees are trained they move to other organizations for better salary and growth. Lucrative salary, flexi timings, better ambience, growth prospects, weekly offs are some of the factors which force an employee to look for a change in their job. Whenever an efficient employee expresses his interests to move on to other job, the responsibility of the employer and the human resource is team to find out immediately the exact reason of leaving the job.

The Indian BPO industry which is providing millions of jobs is incorporating employee-friendly policies such as job enhancement and innovative and lucrative pay structures to

check high attrition levels, say HR experts.” Attrition levels in the BPO industry is much higher as compared to other industries and in this present scenario the rate is tottering around 50-55%,” MeritTrac Innovation & Product Management Head Rajeev Menon said.

### 3. Literature Review

The BPO industries which are operating in India have been the pioneer of outsourcing in the global business scenario. Multinational companies are highly dependent on the Indian BPO industries due to its quality work carried out at lower cost and their English capabilities. In the past two years, BPO industry has evolved into a dreadful force with victorious operations held in various domains (Steve 2013).

Propensity of leaving BPO industry is very high chances to climb up the corporate ladder is bleak and tough. Only a few employees gets the opportunity to be promoted to a higher level as team lead or managers but as soon as the news of promotions is announced many of the employees who are frustrated and not happy with the promotions quit the jobs (Shelley Singh & Mitu Jayashankar, 2002).

R.Gayathri (2012), says that most of the employees leave an organization because of constant disputes and frustration with their managers, superiors and other team members. Lack of growth, Low salary, frustration and motivation are some of the reasons for quitting jobs. The management should try its level best to retain its best employees who are really important for the organization and are known to be effective contributors. It is the responsibility of the superiors, management and the line managers to ensure that the employees are satisfied with their roles and responsibilities and that the job is offering them a new challenge and new ways of learning every day. In the present scenario, employee retention has become a crucial element. It is found that most of the employees in BPO's are retained due to the following factors such as competitive compensation, well equipped and safety environment, Encouragement and Recognition, infrastructure, potential talent and the prospective roles. If the organization is going to practice these factors, employee retention is possible.

Hammer(2000);Marini(2000);Denton (2000) examined that employees who are highly satisfied with their jobs are more enthusiastic to perform good job and takes care of their regular customers that sustain and support the operations of the organization. Hence job satisfaction is a key element of employee retention which every employee seeks in his job.

Dahlgaard and Eskildsen (2000) study shows that employees who are highly satisfied with their jobs are more creative and productive, and are an important asset to be retained by the company for a longer and a maximum period of time.

Anil Kumar Hagargi (2011), Retention has become an important tool for success but for the BPO sector it has become a tough job as attrition is rising very fast due to various reasons. There should be flexible timings, better salaries and weekend off in the BPO sector so that the employees feel comfortable & can spend more time with their friends and family. Retention has become a key challenge for the BPO industry. With the help of retention of employees the company can save on its investment on recruitment and can turn it cost effectiveness. The BPO sector should plan the career path of its employees and should provide those rewards and promotions from time to time so that they feel satisfied with their jobs and remain in the organization for a longer time.

Shivangee Singh & Pankaj Kant Dixit (2011), says that employees are the most important asset of the company. If in a work place employees are not heard and are not valued for their work and are not able to use their full potential, they are likely to leave the organization because of stress and frustration. If you want an employee to remain in the organization for a longer period of time transparency should be there in their work so that they can best utilize their talent and realize their skill and get a sense of achievement and belongingness. They love to work in an organization where their work is valued.

Sengupta, S., & Gupta, A. (2012), states that Business Process Outsourcing (BPO) industry in India is progressing at a higher pace with an unparalleled velocity. But despite of this momentous growth and brilliant future, BPO industry is experiencing high attrition rates since evolution. There are many factors which lead to attrition in BPOs and much research work has taken place on this matter.

B. Latha (2013) has conducted the study to find out the ways of retention strategies and the causes after the increase in attrition rate in BPO sector. It is found that the most of the employees who working in BPO sectors are expecting flexible timings, better salaries, job security, satisfaction and compatible policies. So to retain the best employees organization should concentrate on these matters. James M.J and Faisal U (2013) studied the causes of attrition in India and found in their study that attrition rate of employees is high due to the absence of good human resource practices (HRM) practices. Srivasthava (2011) revealed in his study that the employees are leaving the organizations because the organizations are not able to fulfil their higher order needs rather than lower needs.

Santhoshi Sen Gupta and Ayush Gupta (2008) studies the challenges which are faced by BPO organizations at various levels and found out that at lower level management, the major challenges are meeting targets, dealing with customers and maintains work life balance, at middle level of management the major challenges are to handle attrition and absenteeism and motivate employees while at upper level management the challenges are to motivation, costs, competition and clients demand.

#### **4. Objectives of the Study**

- To know the concept of retention strategy.
- To understand the reasons behind ITES professionals switch their jobs.
- To recognize why retention is needed.
- To understand the various strategies adopted by BPO sector for retaining their employees.

#### **5. Meaning of Employee Retention**

Employee retention means to retain an employee in the organization for a longer period of time so that it gives benefits to the organization. It refers to various policies and practices which allows an employee to remain in the organization for a longer period of time. To retain the best employee every organization invests a lot of time and money, make him ready for the new job and bring him at par with the existing employees. So when a fully trained employee leaves the organization it brings a great loss to the employer. Employee retention brings into account various tools and measures so that the employee remains in the organization for the maximum period of time.

#### **6. Importance of Retention**

Employee Retention refers to the tools and techniques developed by the management so that the employee remains in the organization for a maximum period of time. Employee retention strategies help in motivating the workers so that they stay in the organization for longer time and contribute effectively for the organization. Sincere efforts must be taken to ensure suitable growth and learning for the employees in their current assignments and to enjoy their work. Employee retention has become a major concern for the BPO's in the current scenario. Individuals once being trained have a propensity to move to other institutions for better salary and growth. Lucrative salary, better ambience, easy timings, growth scenarios are some of the factors which prompt an employee to look for a change. Whenever a talented employee thinks of switching on to other job, it is the responsibility of the management to conciliate immediately with the employee and find out the exact reason of switching the job.

##### *6.1 The Cost of Turnover*

The cost of employee turnover adds thousands of money to a company's expenses. It is difficult for the organization to fully calculate the cost of turnover including all losses.

##### *6.2 Loss of Company Knowledge*

When an employee finally decides to leave the organization, he takes with him all the valuable knowledge

about the organization, current projects, clients, and even past history. Lot of time and money has been spent on the employee in expectation of a good future return. When the employee leaves, the investment is totally wasted.

##### *6.3 Interruption of Customer Service*

Clients and customers do business with a company just because of the people. Strong relationships are developed with the client that encourages continued sponsorship of the business. When an employee leaves, the relationship that employee built with the clients for the company are severed, which leads to potential client loss.

##### *6.4 Turnover leads to more Turnover*

While an employee terminates or leaves the organization, the whole organization is affected. Co-workers are required to pick up the slack of the employee who has left. The unspoken negativity intensifies the remaining staff with burden and pressure.

##### *6.5 Goodwill of the Company*

The goodwill of a company is achieved only when the attrition rates are low. If the retention rates are high it motivates the potential employees to remain in the organization for maximum period of time.

##### *6.6 Regaining efficiency*

It is very time consuming process to hire a new employee and trained him when a good employee leaves the job. This leads to heavy loss to the company which many a time's goes unnoticed and even after this there is no guarantee of the same ability and efficiency from the new employee.

##### *6.7 Hiring is not an easy Process*

Hiring is not an easy process. It is the responsibility of the HR manager who shortlists few candidates from a large pool of talent, takes their preliminary interviews and then forward it to the respective line managers who further takes their interview and finds out whether they are ready to be appointed in the association or not. Hiring the right candidate is not an easy process and at the same time is a time consuming process too.

#### **7. Employees leaving their Jobs**

In BPO industries, the work is monotonous and opportunities for career growth are less. Some common reasons which especially cause people to leave and these are the major reason for attrition.

- Dissatisfaction with present job

- Unexpected job responsibilities
- No Work - Life Balance
- Unsatisfying Interpersonal relationship
- No growth opportunities
- New job opportunity
- Stress from overwork
- Lack of trust and support from colleagues, seniors and management
- Stressful lifestyle
- Inadequate salary
- Night shifts and rotational shifts
- For higher education
- Inability to handle various types of stress
- Monotonous work
- No time for personal life
- Problems with seniors and peer managers
- For higher salary and better designation
- Grievances
- Misguidance by the company

According to the research done most of the employees leave the organization only because of busy time schedule and frustration and constant interaction with their superiors and other team members. There are other reasons also like low salary, lack of growth prospects and motivation which lead an employee to look for a change. The management should try its level best to retain its employees who are really important for the organization and are known to be effective contributors. It is the responsibility of the management as well as the line managers to ensure that whether their employees are satisfied with their current roles and responsibilities and that whether the job is offering them a new challenge and learning every day or not. It is true that now day's employees are working not only for salary but they want relaxation in their job. Most youngsters do not like to join the Business Process Outsourcing (BPO) due to stress and health issue. BPO employees are quitting their jobs just because of the stress and frustration at work place. Employees do not quit due to salary issues alone. They are least bother about the salary but there are many other issues which force an employee to quit their settled job.

These are many reasons of quitting the BPO jobs. The reason of leaving the job is not only the money and career factors which motivates an employees to quit their jobs, but it is also influenced by physical, mental, and emotional factors too. Initially the candidates get attracted to the BPO sector as they want to explore the corporate world and make some money and reach at some high position. But with the monotonous work they feel frustrated and just want to change the job with better hike and other offers. But in the present scenario, many BPOs have made sincere efforts to minimize the attrition rate and have taken out various safety measures to retain the employees in the

organization for the utmost period of time. Workers retention is one of the biggest and toughest tasks in the organization. As the attrition rate in BPO is very high various strategies have been outlined to retain the employees.

## **8. Retention Strategies To Control Attrition Rate**

### *8.1 Stress on hiring right fit*

Employee retention process starts much before the actual signing of the work agreement between an employee and an employer. A lot of organizations, who are dependent on technical know-how, have a pre placement test for the interviewees. This helps to understand the adaptability of the talent beforehand only. These tests gives only a fair idea of the technical capabilities of an individual, only the personality test helps you evaluate the candidate's right mental and social aptitude to be a right fit for the organization.

### *8.2 Handhold new Employees through Induction and Orientation*

The first few days for a new employee at a new workplace can be a very phenomenal and exciting. He only has to understand and learn how things will work at a new place and how he will adjust with the new environment. He /She have to be introduced to a new culture. Instead of leaving the employee on her own to figure her way around, create a plan for the first week to let her adjust in to the new place. Give him a tour of the workplace, assign a buddy to him who can help him in understanding the whole process, introduce him to the key people with whom he has to work, and introduce him to the ways of working in the organization. Induction program are conducted in the organization for the new joiner so that they also feels that from now onwards they are also the part of the same organization in which they have joined.

### *8.3 Listen to your Employees (Take Feedback)*

There should be an open door policy. Listen to the employees and encourage them to come up with feedback so that the organization keeps improving. The majority of organizations mistake feedback to be only a tool of relevant criticism. Instead the organization can make it a two way communication to improve the transparency. Feedback plays an important role in the organization letting the employee know that the management is keeping an eye on them. By getting regular feedback employee feels that his/her work is not going unnoticed. However, if you let your new team member feel that their work counts, it makes them feel more responsible for it and in turn feel a deeper sense of responsibility towards the organization.

#### 8.4 *Have Fun with Your Team*

To retain an employee in the organization there should be some fun in the organization otherwise they will feel dull and boring all time because of the same work doing it for the whole day. Organization will become good and profitable only when the employees are happy. There should be fun like take them for team lunch sometime, allow them to relax for some time, let them pursue their hobbies, allow them to play some indoor games, this will make them more active and more accountable to their work.. Employees tend to stay longer within the organization only when they are satisfied and when they have some fun while working.

#### 8.5 *Company Leased Accommodation*

Some of the companies provides shared accommodation for all the out station employees for a specific period of time. With this employees feel good and try to give best to the organization.

#### 8.6 *Recreation, Cafeteria, ATM, Gym*

The recreation facilities include chess tables, pool tables coffee bars and cafeteria. Some of the BPO Companies have well equipped gyms, personal trainers and showers. When the employees gets bored with their work they can use these facilities and can refresh their minds so that they can start their work again with afresh mood.

#### 8.7 *Loans*

Some of the BPO firms provide loan facility to their employees on different occasions like, during medical emergency, at the time of their wedding. They also provide interest free loans to their new recruits which help them in their initial settlement at the work location.

#### 8.8 *Performance Incentives*

Bonus and incentives are given to the employees after every quarter if they remain in the organization for at least 3months and if they perform well and achieve their set targets within the given time they are rewarded for this and sometimes incentives are also given to them.

#### 8.9 *Communicate with the Employees*

Communication with the employees is a must in every organization. To build a robust team you need to trust your employees. To increase employee loyalty, employees should become a part of the success story of the organization. Sharing future plans with the employees, helps them to see the larger picture of their career and

understand their concern which will help them in achieving organizational goals faster. It fosters the employees to work with a sense of responsibility to achieve a larger goal together.

#### 8.10 *Appreciate and Recognize their Achievements*

The employees working in the organization should be appreciated from time to time so that they feel satisfied with their job and remain in the organization for a longer period of time.

## 9. Conclusion

Retention has become a key challenge for BPO industry and varies from one organization to another. The major aim of all organization is to make maximum profit. But to attain this maximum profit, every organization should concentrate more on employees and on the ways of how to retain them for a longer period of time. From the study it is identified that job stress, frustration, lack of growth opportunities, salary, job dissatisfaction, job enrichment are the predominant factors which forces an employee to switch to another job. If an organization succeeds in managing on its own, employee retention will automatically take care of itself. With the help of this study it is concluded that to reduce attrition, organizations should create some growth opportunities for their employees within the organization by adopting new and innovative training programs for the employees. Now the organizations are realizing that each employee is valuable and the work which they do is even more valuable. In this study it is also found that most of the peoples in BPOs are retained due to the subsequent factors such as infrastructure, competitive compensation, Encouragement and Recognition, friendly behavior, potential talent, well equipped and safety environment, and job involvement. If organization tries to practice these factors, then employee retention will not be a difficult task.

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