

A Study on Retention Strategies Adopted By Various Business Process Outsourcing Companies in Bangalore City

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ABSTRACT

In today's scenario Attrition has become the most dangerous alarm to all HR employees' ears and Organizations are facing troubles to fight it out. With the current labour market conditions, employee retention strategies are also important to ensure that organizations retain the necessary human capital resources required to profitably run their business when skill shortages are at an all time high.

Employee retention is crucial to the long-term success of the business and therefore the ability to retain employees is a primary measure of the health of the organization. To strategically ensure increased revenue, client satisfaction, a committed and satisfied workforce, well embedded organizational knowledge and learning, as well as effective succession planning is required. Job ownership and control, fulfillment and their impact on the employees are the main strategies in the process of employee retention.

Hence the study is conducted to understand the reasons behind high attrition rate and to study the various measures taken by the organization to retain their manpower.

Keywords: Attrition. Retention. Business Process Outsourcing, Human Capital

1. RETENTION IS DEFINED AS 'TO KEEP OR RETAIN'

Employees are the backbone of any organization. They give the organization a chance to survive in an extremely competitive business environment. And so, taking care of and nourishing them is of the utmost importance for the management.

With the onset of globalization, increased movement of people across the nations poses a new challenge to the HR managers- Employee retention. The shortage of talent is driving up the cost of recruiting talented people. Organizations are "branding" their employment relationships to attract good talent. So, on the one hand, employers are paying more for individuals they employ, and on the other, they are marketing themselves more aggressively.

Employee retention is now a very crucial issue, because in the 21st century, the only sustainable source of competitive advantage for any company is "Human Resource". To maintain a stable workforce, employers must deliberately engage in retention activities. These efforts range from offering attractive compensation packages to involving employees in every sphere of the functioning of the organization.

Today's employers prefer to have stable, committed, flexible workforces who are willing to learn and develop. Since

sophisticated skills are scarce, there is always heavy competition among the employers to attract the best talents to enhance their competitive positions in the market. Becoming an Employer of choice and using Employer branding are some of the efforts made by the employers to create a tangible work atmosphere in order to attract and retain the best talents available in the market.

The most significant concern is the fact that unplanned employee turnover directly impacts the bottom-line of the business. Issues such as lost intellectual capital, costly candidate searches, training time and investment, and a sense of insecurity among staff is costly to an organization.

2. STATEMENT OF THE PROBLEM

This problem is chosen to understand the fact of competent employees leaving the organizations as and when they like. To analyze the 'Employee turnover' because of which the organization incurs the huge cost which in turn affects the profitability of organization.

3. NEED FOR THE STUDY

Among all the factors of production, the human resource is the most important factor without which there will be no progress in the organization. Money, Materials and Machine alone cannot produce anything. It is possible only when the human resources are involved in the production.

It is only when human resource is assigned with definite roles in the organization that these factors of production are put into use and an output is produced in the form of products or services which could be the ultimate goal of the organization. Hence, it is the duty of an employer to make the employees feel happy, motivated and contented.

The study attempts to understand the need for adopting or moulding the retention strategies of Business process outsourcing sector. It also tries to understand the mindset of the employees whether they are happy and feel motivated towards their job or not. So the study is conducted to understand the reasons behind high attrition rate and to study the various measures taken by the organization to retain their manpower.

4. OBJECTIVE OF THE STUDY

- To analyse the factors causing high attrition rate in business process outsourcing sector.
- To understand the measures taken by organization to retain the employees of various organizations.

5. SCOPE OF THE STUDY

This study is restricted only to Business Process Outsourcing companies of Bangalore.

6. RESEARCH METHODOLOGY AND PROCEDURE

A systematic process was adopted during the research and the data is planned to evaluate rationally. The recorded information has been framed giving a definite form in order to analyze effectively. The questionnaires were given to the employees of various Business Process Outsourcing sectors in Bangalore.

6.1 Sample of the Study Sampling Design

A sampling design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedures the researchers would adopt in selecting items for the sample.

6.2 Sample Size

100 Respondents restricted to only Business Process Outsourcing companies in Bangalore.

6.3 Sampling Techniques Used

The researcher has adopted Convenience Sampling technique. This is a non probability sampling. This technique is adopted according to the convenience of the researcher.

6.4 Analytical / Statistical Tools

To meet the above mentioned objectives of the study, a combination of statistical tools would be used. Firstly, all the data would be arranged in the Tabular format. Secondly, the data would be represented pictorial graph.

6.5 Data Collection

Primary Data: -

Primary sources constitute collecting data from the respondents through the questionnaire and direct contact with the employees of various BPO's.

The data for this Project Report is obtained with the help of Website and information from other publications.

7. LIMITATIONS OF THE STUDY

- The sample size was restricted to only 100 employees of various BPO's.
- The study is restricted to only Bangalore city.
- Analysis of the data obtained from the questionnaire was done on the assumption that respondents gave correct information
- Preferences and responses of employees could change over a period of time.

8. THEORETICAL PERSPECTIVE

The most challenging job in today's competitive world for any organization is to identify, recruit and retain a high quality workforce. It is an established fact that talent retention is a strategic tool to ensure competitive and corporate performance. Talented employee retention continues to top the list of CEO's priorities.

In a traditional economy, retention of talent was viewed as a compensation package which is no longer relevant in knowledge economy. Now companies are realizing the fact that retaining and training the existing workforce is far better and beneficial than

recruiting fresh talent. In order to attract and retain the best talent from the limited talent pool, every employer has to make an effort to create an employee friendly work environment, thereby becoming an employer of choice.

Employee retention strategy provides effective employee communication to improve commitment and enhance workforce support for key corporate initiatives. Understanding the causes for employee attrition is the first step in developing employee retention strategies. Meaningful work, respect for an individual, job security and flexible work design are necessary ingredients of successful talent retention strategy.

Employee turnover is yet another challenge organizations are facing today. It costs both the employer and the employee heavily. According to American Management Association, the cost of replacing one employee is approximately 30% of his annual salary and this is an important issue for the companies in today's competitive world. So a company's success depends on employing and retaining top performing employees.

In larger organizations, HR recruitment and retention strategy revolves around creating a competitive compensation and benefits package or instituting an employee appreciation and recognition program. On the other hand, the smaller companies think that attracting the best talent is a lost cause for them because they cannot offer the competitive compensation packages that the big companies offer.

Some companies have an extraordinary flair to recruit and retain highly capable employees. These companies are described as "Talent Magnets"-the employers of choice for highly talented people. Such companies realize that the key to attract and retain quality employees is not through compensation and benefit packages but other non pecuniary factors. They attract and retain competent employees by satisfying the key human needs that influence performance and loyalty.

Some of the causes for Employee-Turn-Over are:

1. Dissatisfaction parameter:
 - a. Dissatisfied with the salaries and benefits offered by the organization they are currently working in.
 - b. Dissatisfied with their bosses.
 - c. May find the job meaningless and boring which results in low job satisfaction.
 - d. Dissatisfied with career opportunities in the organization or even in its personnel policies in general.
2. Alternatives parameter: Employee leave the organization in search of 'green pastures' such as
 - a. Starting own business or joining the family business.
 - b. Joining an organization in a foreign country.
 - c. Availing the Voluntary Retirement Scheme of the Organization.
 - d. Become consultants or even Faculties in management institutes.
 - e. Go abroad to complete their Ph D or further studies.
3. Personal parameter: It is due to personal reasons such as:
 - a. Ill Health
 - b. Desire to return to the native place for family reasons.
 - c. Spouse is transferred and the current organization has no branch in the new location.
 - d. Post-marriage, women may give up their job.
4. Organisation initiated parameter:
 - a. Probation period not completed
 - b. Lay off employees

- c. Appointment was only on temporary basis.

Some of the control measures are:

- a. Having a well-designed and dynamic Compensation and benefits system which is highly competitive.
- b. Providing opportunities for further growth in the organization via Career Planning/Succession Planning.
- c. Develop a highly conducive and pro-active work culture in the organization where openness, creativity and commitment are valued.
- d. Job Designing-enables to bridge skills gaps well in advance.
- e. Job Sculpting-matching people to jobs. It creates customized career path.

9. DATA ANALYSIS AND INTERPRETATION

Table 1: Showing the Reasons for Leaving the Previous Job of Respondents

S. NO.	REASONS	NO OF EMPLOYEES	%
1	JOB DISSATISFACTION	28	28
2	LACK OF RECOGNITION	18	18
3	WORK CULTURE	16	16
4	OTHERS	38	38
	TOTAL	100	100

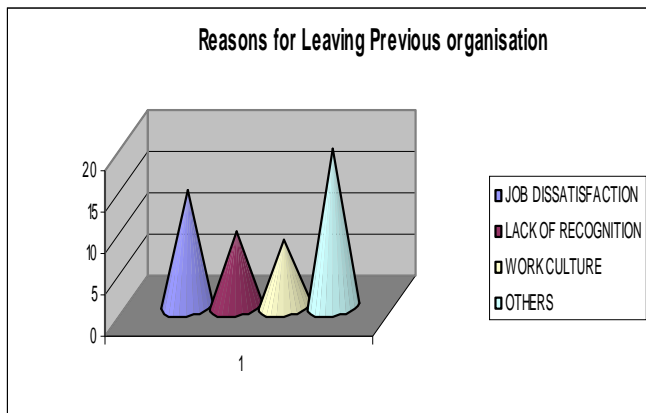


Figure 1: Graph Showing the Reasons For Leaving The Previous Job Of Respondents

INFERENCE: 28% of respondents stated that the previous job was left due to dissatisfaction towards the job, 18% of respondents revealed that they were not recognized by the previous organization, 16% of respondents stated that they were not satisfied with the work culture of the previous organization and other 38% of respondents stated that they were not well paid for their performance, looking for good career growth, change in the sector, work timings, external factors in market causing losses, etc.

The above stated reasons should be taken into consideration by the organization and need to work on it to retain the employee of an organization.

Table 2: Showing the Reasons for Joining Present Organization of Respondents

S. NO	REASONS	NO OF EMPLOYEES	%
1	High Growth Opportunity	70	70
2	Salary is Good	10	10
3	Good Benefits	6	6
4	Flexibility of Time	8	8
5	Peers are of same age group	0	0
6	Attractive Life Style	4	4
7	Did not get a better Job	2	2
8	Others	0	0
	TOTAL	100	100

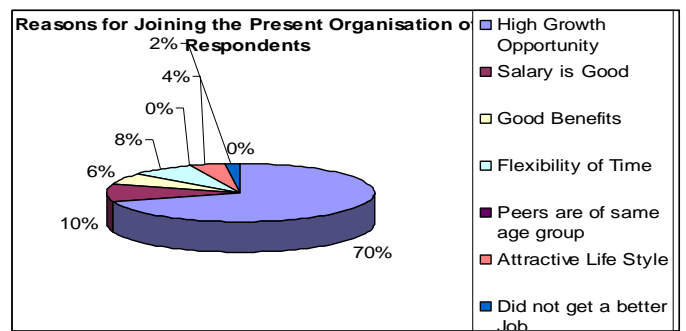


Figure 2: Graph Showing the Reasons for Joining Present Organization of Respondents

INFERENCE: From the above, it is clear that 70% of respondents have joined the present BPO's where they find a high growth opportunity, 10% of respondents stated that they have joined the organization where their salary is good, 8% of respondents stated that the the benefits offered by current company is good, 4% of respondents stated that they have joined , it is due to the attractive lifestyle of present company

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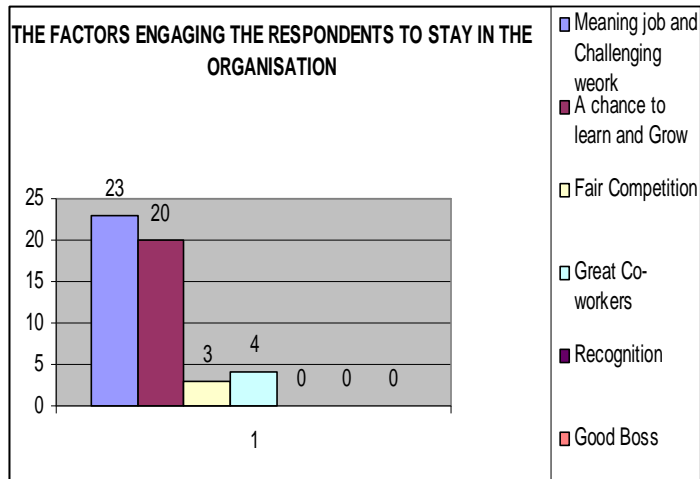
and other 2% of respondents stated that , he has joined the organization because did not find a better job.

The organization should focus in creating good growth opportunities in organization and 2% of respondents have joined just because did not get the better job, the attitude of employee should be changed and retain the challenging employee in organization.

Table 3: Showing The Factors Engaging The Respondents To Stay In The Organisation

S. NO.	FACTORS	NO OF EMPLOYEES	%
1	Meaning job and Challenging work	46	46
2	A chance to learn and Grow	40	40
3	Fair Competition	6	6
4	Great Co-workers	8	8
5	Recognition	0	0
6	Good Boss	0	0
7	Others	0	0
	TOTAL	100	100

Figure 3: Graph Showing the Factors Engaging the Respondents to Stay in the Organization



INFERENCE: The above table and graph clearly reveals that majority of respondent's i.e 46% stated that they are able to

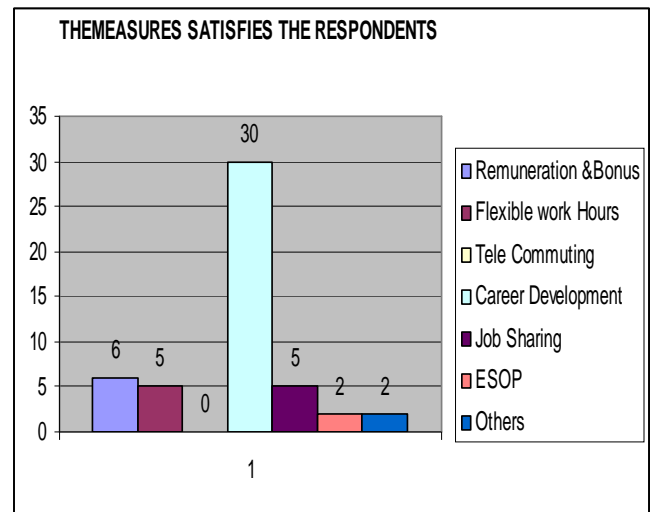
retain with present companies due to meaningful job and challenging work where they are more responsible towards the work. The 40% of respondents find in this organization a chance to learn and where they have a very good career growth, 6% of respondents stated that is due to Fair Competition among the employees this motivates them to contribute towards the organization and other 8% of respondents stated that it is due to great co-workers who help them to make a work environment friendly in nature.

The organization should make a research and need to provide a growth oriented environment, which will enhance the employee to retain in the organization.

Table 4: Showing the Measures Satisfies the Respondents

S. NO.	STRATEGIES	NO OF EMPLOYEES	%
1	Remuneration & Bonus	12	12
2	Flexible work Hours	10	10
3	Tele Commuting	0	0
4	Career Development	60	60
5	Job Sharing	10	10
6	ESOP	4	4
7	Others	4	4
	TOTAL	100	100

Figure 4: Graph Showing the Measures Satisfies the Respondents



INFERENCE: The above table and graph clearly reveals that 60% of respondents stated that they are satisfied with the career

development, 12% of respondents stated that it is due to remuneration and bonus, 10% of respondents stated that it is due to job sharing, another 10% of respondents stated that it is due to flexible work hours, 4% of respondents stated that it is due to the ESOP plan implemented by the organization, other 4% of respondents stated that it is due to other reasons such as employer-employee relationship, metro city, etc.

The organization should more concentrate on these measures so that they can retain the employees in an organization.

10. CONCLUSION

It is time for the companies to accept the fact that competent employees' will leave the organization as and when they find more stimulating and challenging new jobs. There is no single reason that can be attributed to such migration, as each employee is driven by his intrinsic motivation. Hence compensation, however attractive it might be, fails in retaining the talent on its own. Thus, managing retention of talent has thus become a greatest challenge.

Thus, successfully planning and implementing the employee retention policy will help the organization in reducing the employee turnover. It will also help the organization in retaining qualified and competent employees, who give their talent and creativity to the firm and also increase its value. Addressing the fundamental human need to satisfy the inner drive and a sense of professional pride in one's abilities are the key drivers that motivate the employees in an organization.

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