Research Paper

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Influencing Factors of Employee Attrition in Bpo Sector at Hyderabad

Management

KEYWORDS : Employee attrition, BPO sector organizations, Human Resources Management.

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ABSTRACT

It has been observed that employee attrition, especially amongst BPO sector organizations, is becoming an alarming problem which costs a lot of money, efforts and energy. This is a formidable challenge and a major obstacle for HR professionals across the globe in formulation of their HR policies to control the high employee attrition rate. Although several studies have been conducted on this topic, most of the researchers focus on the causes of employee attrition. This research looked at extent of influence of various factors on employee attrition in selected BPO sector organizations at Hyderabad. The research was aimed at achieving the following objectives: identify the key factors causing for employee attrition; determine the extent to which the identified factors are influencing employees' attrition.

Introduction

Attrition is broadly defined as the total number of employees who leave the company because of any reason whatsoever. Employee attrition is also called as employee turnover, both can be used interchangeably. Employee turnover/attrition is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. A huge concern to most companies, employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest. A reduction in the number of employees through retirement, resignation or death refers to attrition. Attrition measures the amount of recurring revenue lost during a particular time frame, expressed on a monthly/annualized basis. Many factors play a role in the employee attrition rate of any company, and these can stem from both the employer and the employees. Salary/wage, company benefits, career advancement, work stress, and job security, employee relations, morale, etc, are all some factors that play a significant role in employee attrition.

Calculation of Attrition Rate

Reggio (2003) pointed to the formula for computing turnover rates that the U.S.A. department of Labor as follows: Turnover Rate = (Number of separation during the month/Total number of employees at midmonth) X 100

Review of literature

A considerable amount of work has been done in the area of employee attrition and retention from around the globe. Much research has been done regarding both the causes and solutions for employee turnover across different nations, industries, and fields. Some researchers have studied the causes from a recruitment perspective, while others discuss turnover in relation to occupational levels. Some study gender differences in worker attrition, employees' number of children, as well as age. A great deal of research focuses on how companies pay and engage with their workers. They discuss the companies' reward system, promotion criteria (seniority vs. performance based), employees' perception of organizational support, engagement programs, incentives, and reward systems.

Reasons for employee attrition

Though there are so many reasons causing for employee attrition the following reasons are identified from the book titled " THE 7 HIDDEN REASONS EMPLOYEE LEAVE" written by Leigh Branham USA (2005) published by AMACOM a division of American Marketing Association.

1. The job or workplace is not as expected
2. The mismatch between job and person
3. Too little growth and feedback
4. Too few growth and advancement opportunities
5. Stress from overwork and work life balance
6. Loss of trust and confidence in senior leaders
7. Feeling of disvalued and unorganized

Effects of employee attrition on organization

The Saratoga Institute, a leading research firm in the human resource arena, reports: "Losing an employee, even a lower level one, often costs the equivalent of from six months to one year's pay. Highly skilled technicians, professionals, and managers typically cost as much as twice that to replace." Another study, conducted by the Corporate Advisory Board, suggests that the ***cost might easily reach 2.4 times a person's salary…if not greater.*** Below is a list of costs related to employee turnover. (Cascio, 1991; Fitz-enz, 2000; Kaye and Jordan-Evans, 1999; Herman, 1999).

- Loss of productivity-work put on hold until replacement is on board
- Cost of overtime or temporary help to get the work done during selection and training of replacement
- Lost efficiency, including the interaction and institutional knowledge
- Accrued vacation
- Lowered morale of co-workers
- Recruiting costs (advertising, time to place ads, development of promotional materials, and management of web sites)
- Search firm fees (often equivalent to 30 per cent of new hire's first year salary
- Screening of applicants (time to review resumes)
- Interviewing time (how many people interview each applicant)
- Hiring costs like testing, background checks, drug screens
- Relocation expenditures, temporary housing
- Sign-on bonuses
- Time spent in orientation and Training, assimilation into work team
- Lower productivity during learning period—for both the new individual and those providing the training
- Loss of other employees
- Lost customers
- Lost contracts or business

Deepak et al (2012) found that employees in at a comparatively lower age have a higher propensity to leave the job and lack of safety among female employees and availability of more career opportunities in the external labor market are the most significant reasons for employees to leave the organizations.

Objectives of the research

- To study and analyze the various factors causing for employee attrition in BPO industry at Hyderabad.
- To determine the extent to which the identified factors are influencing employees' attrition.
- To analyze employee opinion on working conditions and environment in BPO Industry.

Scope of the study

The study was conducted keeping in mind that employees working in BPO sector in Hyderabad. The employee mainly belongs to the various operational divisions such as voice and non - voice executive employees, team leader etc. The main aim of this research paper is to find out the reasons for employee attrition in BPO sector within the Hyderabad context. The opinions of the respondents were taken by contacting them personally, through interviews and telephonic conversations. The research would focus on studying the opinion of the respondents on the initiatives taken by the management to control the attrition within their respective organizations.

Hypotheses

H0: There is difference between salary, career growth, working conditions and job security and its impact on employee attrition i.e. $\mu1 \neq \mu2 \neq \mu3 \neq \mu4$

H1: There is no difference between salary, career growth, working conditions and job security and its impact on employee attrition i.e. $\mu1 = \mu2 = \mu3 = \mu4$

Research Design

The study is empirical in nature; a well designed questionnaire was administered as a tool for research to take the response of the employees working in BPO sector in Hyderabad. In order to fulfill the objectives of the study, the data was collected from both the primary and secondary sources. The primary data was collected by means of questionnaire administration. The respondents were contacted through personal interactions outside their organizations as well as through telephonic conversations. The secondary data was collected from journals, Magazines, and internet resources etc. The population of the study included all employees working in selected BPO sector organizations at Hyderabad. The sample consisted of 185 employees of BPO sector in Hyderabad. Convenience sampling was used to collect the opinion of the respondents. The data collected from the respondents were analyzed and interpretation was done using statistical tools such as percentage analysis, mean scores, chi-square test etc.

SOCIAL – DEMOGRAPHIC FACTORS % (N= 185)		
Gender of the respondents		
Sex	Respondents	Percentage
Male	134	72.43
Female	51	27.57
Marital status		
Married	38	20.54
Un married	147	79.46
Nature of job		
Non voice	53	28.64
Voice	132	71.36
Age of the respondents		
Age	Respondents	Percentage
Less than 20 year	63	34.05
20 to 30 years	54	29.18
30 to 40 years	37	20.00
40 to 50 years	31	16.75
Educational qualification		
QUALIFICATION	Respondents	Percentage
Intermediate	106	57.29
Degree	45	24.32
PG	34	18.37
Service of respondents		
EXPERIENCE	Respondents	Percentage
Below 1 year	80	43.24
1 year to 2 years	75	40.54
2 year to 3 years	30	16.21
Salary level of the respondents		
Below 10000	85	45.95
10000 to 15000	60	32.44
15000 to 20000	10	5.41
20000 to 25000	17	9.18
25000 and above	13	7.02

The above table reveals the demographic factors in the study. The majority of respondents are male i.e. 72.43. Majority of 79.46 respondents are unmarried. The maximum respondents belong to the age group below 20 years i.e. 32.43 percentage, the education level of the respondents 57.29 (intermediate) 24.32 (degree) and 18.37 (PG) 9.18%. And 45.93% of respondent's salary is below ₹10000 per month.

Statement of the problem

As the review of many research papers of different authors witnessed that there is a high attrition rate in BPO sector in India. So that we try to find out that the men and women employees working in BPO companies at Hyderabad are whether they thought of leaving the company due to the some identified reasons they are, 1. Salary 2. Career growth 3. Working conditions 4. Job security. The following data gives the results of respondent's opinion on reasons for employee attrition in BPO companies in Hyderabad.

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RE-SPOND-ENTS	SALARY	CAREER GROWTH	WORKING CONDI-TOINS	JOB SE-CURITY	TOTAL
MEN	44	32	31	27	134
WOMEN	13	14	11	13	51
TOTAL	57	46	42	40	185

Source: (primary data)

Test the hypothesis that there is any significance difference between Salary, Career growth, working conditions and Job security using x2 test at 5% level significance.

RESULTS

The statistic is $x^2 = \sum \frac{(O_{ij}-E_{ij})^2}{E_{ij}}$

O_{ij} = observed values

E_{ij} = expected values

RESPONDENTS	SALARY	CAREER GROWTH	WORKING CONDITOINS	JOB SECURITY	TOTAL
MEN	44 (41.2)	32 (33.31)	31 (30.42)	27 (28.97)	134
WOMEN	13 (15.71)	14 (12.68)	11 (11.57)	13 (11.02)	51
TOTAL	57	46	42	40	185

(Source: primary data)

(Source: primary data)

The calculated value of x^2 is =1.365 which is less than the table value of $x^2_{0.05}$ = 7.815 as per this results the null hypothesis H0**:** There is difference between salary, career growth, working conditions and job security and its impact on employee attrition i.e. $\mu 1 \neq \mu 2 \neq \mu 3 \neq \mu 4$ is accepted.

Conclusion

The main aim of this research paper is to know the important factors causing for employee retention in BPO sector, and the extent of their impact on both the men and women employees are working in BPO sector in Hyderabad. It is found that by using x^2 analysis that the identified factors are (salary, career growth, working conditions, and job security) have a significant relationship and influencing both the men and women to leave the company. Hence it is concluded the companies must take an initiation of providing all the said factors to the level of employee expectation while comparing with the comparable sectors in Hyderabad.

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