



A STUDY ATTRITION AND RELATED ISSUES IN THE INFORMATION TECHNOLOGY (IT) / INFORMATION TECHNOLOGY ENABLED SERVICES (ITES) AND BUSINESS PROCESS OUTSOURCING (BPO) INDUSTRY IN SILICON VALLEY OF INDIA BANGALORE

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Abstract:

India's strengths have been its large growth potential, increasing trend in outsourcing, large talent pool availability, educational infrastructure quality, low operating costs, and the government initiatives. IT/ITES and BPO industry in India is progressing with an unparalleled velocity. Employee turnover reflects a company's internal strengths and weaknesses. All pose a challenge. Organizations also face difficulties in retaining the remaining employees as well as attracting potential employees. High attrition rates also lead to a persistent or systemic cycle. There are many factors that lead to attrition in IT / ITES and BPO and much research has taken place time and again. In this study, a complete attempt has been made to explore the dimensions of attrition, retention, recruitment and training process in specific to a IT / ITES and BPO. This study is conducted to find out the main causes which increase the employee turnover in IT /ITES and Business process outsourcing companies and to find out the way to control attrition. This study was carried out in IT / ITES and BPO in and around Bangalore. In this study, the opinion of 500 employees was taken for the analysis. The instrument used for collecting the data was a structured questionnaire. For the analysis, Factor analysis and test method were used. It some suggestion that could reduce attrition IT / ITES and BPO sector while working on their practises.

Keywords: IT/ ITES and BPO Industry; Attrition, Bangalore; Training; Selection; Retention.

Introduction:

As have point out in introductory remarks the phenomena of Attrition has been infest the Information Technology sector and has been distributing considerably the rate of growth. Therefore the aim of the present study is to assess the present status of the Attrition phenomena in so far as relate to the IT / ITES and BPO in the Bangalore (India).It is also one of the aim of the study to analyze the causes of attrition in the geographical context in Bangalore city (India).

Literature:

Research indicates that turnover is actually an evolutionary process by which employees gradually discover (some more quickly than others) what the organization is like and what kind of relationship they are in—with their manager etc.—and they make a choice accordingly to stay or leave (Dibble, 1999; Kreisman, 2002). The unfriendly working environment late night work shifts, high stress jobs acts as a deterrent for people to stick to this sector for long time (Prakash and Chowdhury 2004)."Member of staff loss often managers are not trained to work with teams and directing and motivating numerous teams simultaneously is challenging (Mehta et al 2006).(David G. Allen, 2004) Turnover fall under three categories: job unhappiness, errors in employee selection and poor managing. (Sheelan, 1995) found that the most common

cause of turnover is job satisfaction. Yield is often utilized as the pointer of company performance and can easily be observed negatively towards the organization's efficiency and effectiveness (Glebbek &Bax, 2004).Recruitment performs the essential function of drawing an important resource – human capital – into the organization (Barber, 1998). However, Rynes, Bretz and Gerhart (1991) suggest that applicants can be wooed not only through improved attributes of job but also through better-planned and more attentive recruitment procedures (e.g. Bureau of National Affairs, 1989; Marcus, 1982; Stoops, 1984) and in line with this Russo et al. (1995) suggested that professional and efficient recruitment procedures not only shorten vacancy duration but also improve the quality of the applicants hired. **BPO India (2010)**, Reports indicates that attrition in IT /ITES/ BPO sector

Research Design:

Based on primary data collected from field survey. Keeping in mind this aim of the study, a dedicated questionnaire was developed and was used as an instrument to gauge the dimensions of attrition. The questionnaire used in this study was direct and structured. The types of questions asked in this questionnaire were both closed-ended and open-ended, and multiple choice. The questions and responses were coded and entered in the computer using

ME Software. Data analysis in a Significant research is essential as the interpretation and coding of responses can be very critical. Therefore, required analysis was done with the aid of SPSS 17.0 Version. random technique of sampling was adopted for the study. To test the validity and veracity of the structure of the questionnaire and to find out whether the purpose would be fulfilled, a pilot study was conducted where a sample of 12 questions in each section Retention , recruitment and training process.

Characteristics: **Age:** Less than 25 (27.5%), 25-35 yr(44.6%) and More than 35 (28%), **Experience** :Less than 1 year (39.6%), 2year - 5 year (40.4%) and More than 5 year (20%), **Gender** :Male (55%) and Female (45%), **Education** :Graduate (49.6%) and PG (50.4%), **Marital Status:** Married (70.4%) and Unmarried (29.6%)

Factors of attrition chosen for study: Lack of clarity Recruitment techniques specific ,Lack of clarity Company long term strategies ,Trust and support in coworkers, seniors and management during training program, Lack of Autonomy, Exit interview feedback, learning environment, Mechanism used for training need identification, Tools are used for training need identification of employees, formal training policy/strategy , Lack Skill Variety testing , Lack of Challenging assignment, Unsure of career growth, Lack of clarity salary growth ,Lack of clarity of Job description job position/ position specification before release job ads, Training component is part of performance appraisal, Non wages benefits such as pension plans , life insurance , LTC, material and parental leave, Security of my job position, Basic Amenities like housing, conveyance, medical benefits, lighting, air conditioning, seating etc, Opportunity for personal growth and development in my job Position, Achievement reorganization, compensation package, Opportunity for independent thought and action and Salary offered for my job position.

Cronbach Alpha and KMO Test Value (Retention) : Cronbach's Alpha (.900), No. of Items (23), KMO and Bartlett's Test Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.798) Bartlett's Test of Sphericity, Approx. Chi-Square (6080.05) Df, Sig(195.00). Since the factors of attrition were large in number and were unified, factor analysis was done to extract and club the factors responsible for attrition. Major component analysis was the method of removal. Varimax was the alternation method. As per the Kaiser criterion, only factors with

eigen values greater than 1 were kept [2]. Ten factors in the initial solution had eigen values greater than 1. Together, they accounted for almost 80% of the variability in the primary variables. The items falling under each of these factors were then dealt with quite judiciously. Items of the same nature were carefully clubbed into factors. After much of thoughtful permutations and combinations, 6 factors were finally extracted.

Motivation Factors: All these factors had factor loadings of more than 0.5. All these items rated by the respondents had one thing in common and it was the self-motivation. One important element of self-motivation is Opportunity for personal growth and development in my job Position, and Achievement reorganization. Opportunity for personal growth and development in my job Position and Achievement reorganization refers to the evaluation that individuals make and customarily maintain with regard to themselves [3]. A number of studies support that high Opportunity for personal growth and development in my job Position, and Achievement reorganization is correlated with job satisfaction [4] [5][6][7][8]. Organizational commitment or willingness to sustain in the organization is related to a number of important employee attitudinal variables, such as job satisfaction, This eventually leads to the natural liking towards the work and sense of belongingness with the company. Hence the employees feel they can sustain in the same organization if this factor is fulfilled. The result is in conformity with Budhwar et al., Mehta et al., Isukapally, and Gupta

Extrinsic Hygiene Factors: Non wages benefits such as pension plans , life insurance , LTC, material and parental leave , Security of my job position, and Basic Amenities like housing, conveyance, medical benefits, lighting, air conditioning, seating etc. Similar study done by Firth et al. (2003). These are the extrinsic aspects of work and when absent, they cause dissatisfaction and demotivation among the employees. Numerous studies have investigated effects of working conditions on strain [10] [11]. Good working conditions are general positively related to wellbeing, health and job-related attitudes [12] [13] and also extend the willingness of employees to sustain in an organization. States that extrinsic factors like satisfaction with salary, working conditions etc. are positive predictors of job satisfaction, which eventually predicts the sustenance of employees [9].

Hostile Organizational Culture: All these items had the commonality of certain features that are prevalent in an organization. It - Lack of clarity Recruitment techniques specific ,Lack of clarity Company long term strategies, Trust and support in coworkers, seniors and management during training program, Lack of Autonomy and Exit interview feedback. Refers to the expectations that the employees have from the company and feel that there is Lack of recruitment policy and procedure.

Discontented Personal Factors: This factor included Unsure of Unsure of career growth, Lack of clarity salary growth ,Lack of clarity of Job description job position, position specification before release job ads and Training component is part of performance appraisal .These were all related to the personal nature or temperament of the employee. Many a time, employees quit organizations because of certain personal reasons and lack of clarity of his future inn company .

Uncongenial Organizational Support: Organizational support refers to learning environment ,Mechanism used for training need identification and Tools are used for training need identification of employees an employee’s perception of how much the organization supports him or her while working for the organization. Uncongenial organizational support includes the unplanned training program which non value added , no motivation in learning tor technology In a study done by Eisen berger, perceived organizational support emerged as a predictor of affective commitment [14].Uncongenial organizational support as a dimension of attrition stands in conformity with many other studies too [15] [16] [17].

Mystified Career Path: One of the most important factors responsible for attrition in IT /ITES and BPO is formal training policy/strategy ,Lack Skill Variety testing and Lack of Challenging assignment When the employee finds no destination of where he is going, what path he is itinerant and what is his

future in the organization, he ultimately finds no reason to continue in the organization. Mystified career path means slow of one’s growth in the organization, and due to this employees find it firm to get involved with the work and organization and decide to leave. Thus, mystified career path, which is also in conformity with studies of Misra and Budhwar et al., stands as an important aspect of attrition [18] [19].

Regression Model of Retention, Recruitment/selection and Training. All six factors were put in the regression process as independent variables and willingness to continue in the organization was put as the dependent variable. Only four variables came out to be in the equation. Table shows the variables in the equation, their beta value, their coefficients, and the significance stage.

$$Y = 1.78 + 0.38X1 + 0.43X2 + 0.33X3 + 0.08X4 +$$

Where, Y = Stay in the organization X1= Motivation Factors

X2= Discontented Personal Factors

X3=Organizational Support

X4= Hostile Organizational Culture

The value of multiple R is 0.64 and the value of R square is 0.38 in the equation. It states that 38% of the attrition in a IT/ITES and BPO is explained by these factors. 38% is a significant value that explains the quitting by the employees. The rest 62% can be attributed to so many other factors which are scattered and individually contribute only little to the quitting by the employees.

Dependent variable in the equation is the employee’s probability of quitting the organization and all the independent variables are positively correlated with it. The equation explains that highest contribution to attrition is made by the discontented personal factors of an individual and this includes dissatisfied with recompense, personal reasons, and lack of self-motivation.

Table. 1-

Independent Variables	Dependent variable: Willingness to continue in the organization		
	Beta	Simple r	t-value
Hostile Organizational Culture	.08	.1804**	2.68
Organizational Support	.33	.2367**	8.53
Discontented Personal Factors	.43	.2442**	9.69
Motivation Factors	.38	.4326**	9.89
Multiple R=0.64 and R Square=0.38			

Conclusion:

Attrition is a continuous phenomenon, which prevails in the IT/ITES and BPO Industry today.

The following facts are identified as findings of the study: In general, the following are the major reasons for attrition in organizations:

- Recruitment cost, training cost, hiring cost, lost productivity cost, cost due to personal leaving associated with attrition.
- Lack of technological career progression and opportunity for constant up gradation of skills.
- Delay in promotion and Unsure future and No transparent appraisal and promotion policies.
- Lack of clarity in selection process and Limited career growth opportunity.
- Compensation is important cause for increasing employee turnover.
- Lack of clarity in policy and implementation and clarity in growth in career and training program.
- Lack of clarity in recruitment process and wrong person selection which is not retain for long time.

Suggestions:

- Start with staffing: It is better not to recruit those people who will be the most difficult to retain.
- Pay attention to this feature at the recruitment stage itself.
- Focus on what you can change. Don't focus on what you cannot change.
- Sometimes don't have to recruit all high-capacity staff.
- Simplify and standardize the jobs and use multi-skilling to help meeting any contingencies.
- Focus on retaining intellectual capital even when employees leave. Think of suitable mechanisms and build organizational memories and knowledge systems to retain talent and intellectual capital.
- Conducting In and Out (Exit) interviews properly and in scheduled way
- Employee Relationship Management (ERM) is the *mantra* an organization should follow to retain their employees
- Conducting value added training program and sponsor employee.
- Planned training program and Create competition between employee and Training program at start.

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