

# EMPLOYEE RETENTION STRATEGY IN BPO COMPANIES

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## ABSTRACT

*Attrition is always a problem for BPOs. They use various pecuniary and non pecuniary incentives and schemes which are beneficial to the employees as retention strategies to reduce the level of attrition. But still they are struggling to tackle the issue. In this paper the researchers identified a well addressed theory of learning organization as a retention strategy against attrition. This paper is an endeavor to analyze the viability of using learning organization theory as a retention strategy to reduce the attrition level of employees with respect to BPO companies in India. Though the concept is not a new one, using it as a retention strategy is a new idea. Further the study also explains the terms learning organization and employee attrition in more sophisticated manner. Learning organization technique is one such method which is not used by any company to retain employees. Hence, the method advocates the organizations to use this against attrition. This study is the theoretical analysis based on the secondary sources collected from various journals, articles, newspapers, magazines and authentic websites.*

**Key words:** BPOs, Employee Attrition, Learning Organization, Retention Strategy

**Cite this Article:** Dr. S. Yuvaraj and S. Siva, Employee Retention Strategy in BPO Companies. *Journal of Management*, 5(4), 2018, pp. 50–54.

<http://www.iaeme.com/JOM/issues.asp?JType=JOM&VType=5&IType=4>

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## 1. INTRODUCTION

Attrition is a major problem for every companies and it is very high in BPO companies. Continues labor turnover will severely affect the organizations. From sudden decline in production to filling up the vacancies, it is a tough process and loss to the company. Hiring new employees and training them is another high cost involving process. So, mostly the companies are concentrating on retaining the existing employees by using various strategies. Financial incentives like salary hike, bonus and non financial incentives like appreciation,

rewards and recreation facilities are widely used to retain the employees. But still attrition exists. So it pushes the employer to find a new technique to tackle the turnover issue. In this paper the researchers suggested a non financial method as a retention strategy against attrition. The method is well explained for the easy understanding. Employers should consider this method and apply it to their organization for better result. That is none other than the well known learning organization theory given by Peter Senge. Learning is the key to success – some would even say survival – in today’s organizations (Serret, Oliver 2010)<sup>1</sup>. A Learning organization is one that continually learns and improves. It learns faster than its competitors. It learns from its failures and creates a new paradigm.

## **2. RESEARCH METHODOLOGY**

The secondary data collected from various journals, articles, newspapers, magazines and authentic websites for this study. Descriptive research design is adopted to have more accuracy and rigorous analysis of the study.

## **3. REVIEW OF LITERATURE**

Garvin David & Edmondson Amy & Gino Francesca (2008) revealed three broad factors that are essential for learning organization. They are, supporting learning environment, concrete learning processes and practices, and leadership behavior that provide reinforcement. Then the researchers using a diagnostic tool called ‘learning organization survey’ to determine the performance of the employees. By assessing the performance on each building block, you can identify the areas needed improvement and this leads the company closer to the learning organization.<sup>2</sup>

Giesecke, Joan and McNeil, Beth (2004) explored the reasons which lead the organizations to become learning organizations. The researchers also overviewed the term learning organization, the steps involved in it and the application of the term to various university libraries.<sup>3</sup>

Jain Vardhaman (2018) have identified that the declined patience level of youngsters is the major reason for attrition in BPO industry. The attrition level in call centers is 48% and a non call center is 26% - 28%.<sup>4</sup>

Roth Jeffrey (2016) describes employee development will boost the satisfaction of employees and workforce productivity as well. It is also reduces the turnover. The researcher further urges organizations that want to hold onto employees must increase development initiatives. If a company neglects to concentrate on the above things will suffer with high turnover rate and reduced productivity as well.<sup>5</sup>

Kumar Sunil & Nayak Amaresh (2013) in their empirical study found the major reasons that facilitate attrition in BPO companies in India. Their finding reveals uncertainty of growth aspect, lesser job satisfaction, absence of organization culture and lack of team work are the vital reasons for attrition. Hence the researchers advocate the BPO companies to concentrate on the above areas to reduce the level of employee attrition.

Sengupta S & Gupta A (2011) have made an attempt to find the various dimensions of attrition by exploring the factors leading to them. The researchers also done a comparative assessment between the dimensions they have identified and various demographic variables.<sup>6</sup>

## 4. BPOS IN INDIA

Administering and managing a particular business process for another company is known as business process outsourcing. In India BPO industry handles 56% of the world's business process outsourcing with 50% of annual growth rate. It also provides job for more than 70000 Indian employees. From the above information it is clear that India is most preferred destination for outsourcing. There are 10 types of services are offered by BPOs in India. The 70% revenue is generated from contact services, 20% from data entry services and the remaining 10% from information technology related services.<sup>7</sup> KPMG's Annual survey 2017 reveals that the average attrition rate in Indian BPOs is 15.4%.<sup>8</sup>

## 5. ATTRITION

The Webster's dictionary defines Attrition as 'A reduction in numbers usually as a result of resignation, retirement or death'. Attrition is the result of various problems facing by the employees mostly in their workplace. In BPOs from unusual working hours to lack of social interaction it creates plenty of issues which directly affect their personal, professional and social life. Attrition terribly affects the organizations as well. Sudden reduction in the workforce results in lower production and other unexpected costs to the company. The biggest burden is filling up the vacancies which fall vacant due to attrition. Recruiting new employees, providing training to them is very tedious and high cost involving process. Hence it is inevitable to find a suitable retention strategy to reduce the attrition level.

### 5.1. Reasons for Attrition

Based on the data collected from various secondary sources the researchers derived the main reasons which cause the attrition in Indian BPO companies which are discussed below.

#### 5.1.1. Declined Patience Level

According to Vardhaman Jain (2016), Vice chairman, Access healthcare, "the patience level among youngsters has declined when compared to 10-15 years ago. Everyone wants to be a manager today itself". From the above statement it is very clear that the youngsters don't want to wait for some years to get promotion. Due to impatience they are not ready to work in an organization for longtime.

#### 5.1.2. No growth Opportunities

Sunil Kumar & Amaresh Nayak (2013) explained in their study, 45% of the respondents strongly agreed that the low career opportunity is the reason for leaving the organization. Growth in BPOs is slower when compare to other industries. Hence the employees decide to leave the job.

#### 5.1.3. Salary Hike is below the Expectation Level

High salary expectation is very common among the people who intended to join in BPOs and other Information technology enabled services. When an organization fails to fulfill the expected remuneration of employees they quit the job and joins in another company. Switching the jobs for high salary is very common among BPO employees.

#### 5.1.4. Lack of Social Interaction

Working in unusual hours mostly at nights keeps the employees away from their family members and friends. It severely affects their social life which results in stress. When level of job stress is increases automatically the workers wanted to be away from the job.

Apart from the above reasons, monotonous work nature, lack of motivation and lack of creativity are also the important reasons which cause attrition.

## 6. LEARNING ORGANIZATION

According to Peter Senge (1990), who popularized learning organization in his book, *The Fifth Discipline: The Art and Practice of The Learning Organization*, described Learning organizations as “organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see whole together”.<sup>9</sup>

To convert the traditional organization into an innovative learning organization Peter Senge has given five basic disciplines, we can call them as component technologies. To become a learning organization it is essential to adopt and apply these disciplines which are listed below:

- Systems Thinking
- Personal mastery
- Mental Models
- Shared Vision
- Team Learning

### 6.1. Systems Thinking

It is the fifth discipline which facilitates to bring the other disciplines of the learning organization together (Senge 1990). The system viewpoint or thinking is commonly long term oriented. It is the ability to view the big picture and inter relating the system.

### 6.2. Personal Mastery

Organizations learn only through individuals who learn. Individual leaning does not guarantee organizational learning. But without it no organizational learning occurs (Senge 1990). Mastery is attaining proficiency in something to achieve the desired goal. It is a process and lifelong discipline. People with personal mastery will not arrive for destination because journey is the reward for them. Hence it is obvious that people with high level of personal mastery live in a continual learning mode.

### 6.3. Mental Models

According to Peter Senge, the assumptions and generalizations that influence how an employee understands and interprets the organization is a mental model of an individual. It is the way of learning to unearth the images, pictures and assumptions we created and bring them to compare with the real world and scrutinize them.

### 6.4. Shared Vision

Building a shared vision and sense of collective commitment as to where we want to go as an organization and how to achieve that goal. It refers to making everyone in the organization aware about the goals. Once the vision of the organization shared among employees, automatically they will work to attain it. Shared vision gives personal commitment to everyone to travel towards the aimed future. Hence the management needs to put any pressure on the workers to get the things done on time.

## 6.5. Team Learning

Collective effort of members of a group to achieve a common goal is known as team learning. In Peter Senge's words, "when teams learn together, not only can there be good results for the organization, members will grow more rapidly than could have occurred otherwise". Team learning also develops the learning ability of every individual. It also helps them to learn from each other and get to instant feedback from team members to rectify the mistakes if any.

## 7. CONCLUSIONS

There are various common strategies used to manage the attrition in companies. But no companies have used a method which makes the workers learn about the work and performs well to attain the organizational goal. Learning organization technique is one such method which is not used by any company to retention employees. Hence, the method advocates the organizations to use this against attrition. Despite the result is unknown, this will be a good substitute for the existing methods.

## 8. SCOPE FOR FURTHER RESEARCH

A detailed empirical study can be done in the topic. A comparative study can be done in an organization before and after the learning organization disciplines are applied. Conceptual and empirical studies can be done in the topic for the companies other than BPOs.

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