ASSESSING THE ROLE OF ATTRITION IN A DIVERSE WORKPLACE ENVIRONMENT

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ABSTRACT

The world of work is shifting from an agriculture-centered to an Industrial one, from self-employed workers to salaried employees and our modern economies are slowly transitioning towards collaboration and competition. Today, the boundaries of contemporary organizations are blurring; information technologies are allowing individuals and companies to set base away from cities; shared working spaces are triggering new forms of collaborations between individuals and corporations. The main purpose of this research is to find out the main causes which increase the employee turnover in BPO companies and to find out the way to control attrition. The study is descriptive in nature. The study was carried out in BPO companies. Mixed methodology was used in this study. For analysis purpose chi-square, Rank correlation and percentage method has been used.

Key words: Employee turnover, attrition, talent acquisition, retention

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1. INTRODUCTION

Attrition is the major problems faced by the HR managers of IT / ITES industry around the world. According to the CEOs and HR managers of IT/ ITES organizations attrition (also known as employee turnover) is considered as the second important issue related to HR department. The impact of attrition has received extensively attention by the senior management and HR professionals. It has proved that it is to be one of the most costly and outwardly intractable human resource challenges threatening to the organization. In a recent study lead by Business World magazine KPO industry is facing a high rate of attrition and misunderstanding from the peer groups and salaries are the various factors that affect an individuals' decision to leave a job. While an employee leaving the job is considered attrition

by one organization, it is looked at as knowledge acquisition by the new organization and to the individual; most oftenly means a career move, economic growth and enhancement the quality of life.

Various firms have turned bearish on India as an outsourcing spot and some has been moved to China and Latin America. The slowdown has been seen in the KPO firms because of the attrition in the diverse workplace. Attrition rate is the hot issue for the HR department due to that organization facing fatal problems like losing the talents and knowledgeable persons, paying high cost related to training, recruitment cost etc. As, today businesses are more dependent than ever before on their top performers to create and innovate and provide the best services which distinguishes the company from its fierce competitors. A study on attrition in the diverse workplace is to be conducted to know the various reasons which lead to the same and the actions taken by the organizations to control it and also this study focuses on the causes of attrition in the diverse workplace and finally few suggestions were provided to control the employee turnover in BPO companies.

2. OBJECTIVES OF THE STUDY

- To know the attrition rate in the workplace at BPO companies.
- To find out the problems faced by the employees in the organization which lead to attrition in the diverse work place
- To find out the steps those are taken by the organization to reduce the attrition level in the workplace.

3. SCOPE OF THE STUDY

Attrition rate continues to be a subject of interest and importance to human resource professionals. From the past years, attrition rate has received significant attention in the literature from both researcher and practitioners alike. The main drive of this research is to find out the important factors which increasing the attrition rate and that can be rectified by the human resource manager of the different ITEs companies and will be able to retain the diverse employees.

3. RESEARCH METHODOLOGY

Business Research can be described as a systematic and organized effort to investigate a specific problem encountered in the work setting, which needs a solution. According to Clifford Woody, research comprises defining and redefining of problems. Formulating hypothesis or suggested solution, collecting, organizing and evaluating data; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis. This research is undertaken with an idea to assess the “causes of attrition and remedies”. The main aim of such a design is to ensure that the required data are collected objectively, accurately and economically.

4. RESEARCH DESIGN

Data was collected by interacting with the diverse employees of the organization and the structured questionnaire and interview method were used to collect data. The types of questions were asked in this questionnaire are closed ended, multiple choice and open ended. A pilot study was conducted with the sample of 20 questions. It is used to find the employees opinion on the causes of attrition in the ITEs Company. The main objective is used to find out the techniques and to understand the current process of company and also to find out whether the employees were satisfied. Scope of the study was limited to employees and HR managers of different BPO/KPO companies. The number of respondent in this category was 110. Chi square

test, Karl Pearson Rank correlation and Percentage method is used for analysis and interpretations.

5. LITERATURE REVIEW

Srikant and Tyagi (2007) explains about the differences between the staying hours in India is for minimum 11 years where as UK call centers was 3 years and also explains about the stress involved in the particular job. The study found that most of the people join BPO for earning quick money and they join for a luxurious lifestyle. The career also requires no particular educational back ground but it has the night shift, monotony of work and lack of salary hikes that contributes to the all rates as often through it. Chandramohan and Kumari (2006) in their study take it as a pas time job. There are various costs which incurred due to attrition which are recruitment coats, training costs, lost productivity costs, lost sales costs and new hire costs. The author suggested that pay checks alone are not enough to motivate employees, apart from salaries, ITES company should also focused on smart people management tools and strategies to keep their people happy. Dasari (2006) in his study stated that modern organization is operating in an unprecedented, highly competitive and turbulent business environment which is characterized by the globalization of business. In today's global workforce is more movable than ever before. As a result we are witnessing a war for talent in the market place. Becoming increasingly clear the employee attrition is a reality and organization needs to adapt a market driven approach in dealing with growing attrition. Peter Cappelli opines that it is the market not the company that determines the movement of employees. Therefore the old goal; of HR- to minimize overall employees turnover has to be replaced by a new goal. To influence who leave and when. If managing employee retention in the past is akin to tending a dam that keeps a reservoir in place, today it is more like managing a river. The objective is not to prevent water from flowing out but to control its speed and direction.³

Madhok (2006) in her article "Managing people tomorrow" stated that people leave for various reasons including better compensation, higher growth opportunities, change in career track but they are only symptoms of a large inability of the young work force to be able to drop anchor and belong in a system. It is also a reflection of how companies are unable to create a conducive work environment for employee's membership of work system and collectives. The employee turnover is officially quoted by NASSCOM in the range of 60%-70%. Company need to build strategy to managing mindsets, training for growth, compensating knowledge workers, building interpersonal relationship, human capital practices. Managers at every level are accountable for attracting and retaining manpower to keep the wheels of business running. Every employee should be given equal opportunities to fulfill his\her potential and contributes in a value added way.⁴

Rao (2006) in his article "Old pillars of people management" stated that there are various factors that affect individual's decisions to leave a job. While an employee leaving the job is considered attrition by one organization, it is looked at as talent acquisition by new organization and to the individual, it most often mean a career move. He founded some key attrition factors like inability to use ones competencies, lack of challenges, boss and his management style, lack of scope for growth in terms of salary, status of other factors, lack of role clarity, job stress or role stress, lack of independence of freedom and autonomy, lack of learning opportunities, lack of excitement and innovation in the job. Apart from it there are various reasons why people leave their existing job. Managing this is important for organization. In its strict sense, it does not mean only reducing or managing attrition. It could also mean bringing down the negative effects of attrition and at the same time increasing the positive effects of attrition. In small organizations the impact of attrition will be greater comparing to large organizations.⁵

Goolsby (2006) in her article “Employee Turnover” stated that turnover is an enormous problem for any company and creates negative bottom line impacts. Mergers, Acquisition, diversification and corporate recognitions have been major factors in increased employee turnover during the past two decades. However the top reason cited in most studies is low compensation and inadequate benefit, lack of appreciation and feeling that the employer values the employees contributions, poor management, poor communication from leader, too much change, lack of resources necessary to do a job, harassment, demeaning behavior and lack of flexibility towards employees, life style change such as the transfer of spouse, birth of a child or the need for a shorter commute also causes employee turnover.⁶

Chakrabarti (2006) in his article “Why do you go” cited that exit interviews should be used to control attrition of employees, recognizing the fact that total prevention of attrition is not possible or desirable either. It is a tool of organizational diagnosis. The questions are laid in a manner to cover the strengths and weakness of the department in which the employee was working and also the company in general. Before the situation get out of control, trends projected out of an exit interview analysis provide adequate indication to the decision makers about problems within the organization. Some HR consultants advise organization to go one step beyond exit interviews. In their opinion, proactive HR strategy should involve conducting pre-exit interview to ensure better retention and higher productivity.⁷

Sharma (2006) in his article “High attrition rate: A big challenge” stated that High Attrition-another major problem is the high attrition and growth aspirations of the workforce. At least 60,000 of the 171,000 workforce change jobs every year. About 80% of them look for better leaders. Team leaders want to upgrade to supervisors, quality professionals or operations heads. The HR problem threatens to soon become grave. Good agents are becoming hard to find and with tardy infrastructure, big moves to the much talked about smaller towns will take longer. The various costs which associated with attrition are Costs Due to a Person Leaving, Recruitment Costs, Lost Productivity Costs, New Hire Costs, Lost Sales Costs, and Training Costs.⁸

6. ATTRITION – AN OVERVIEW

In the best of world employees would love their jobs, like their co-workers, work hard for their employers, get paid well for their work, have ample chances for advancement and flexible schedules so that could attend to personal or family needs when necessary and never leave.

But then their real world starts and in the real world, employee do leave, either because they want more money, hate working conditions, hate their co-workers, want a change, or because their spouse gets a dream job in another state. So what does that entire turnover cost? And what employees are likely to have the highest turnover?

7. DEFINE - ATTRITION AND ATTRITION RATE

“A reduction in the number of employees through retirement, resignation or death” is said attrition and the rate of shrinkage in size or number is known as attrition rate.

It can be calculated by using following formula:

$$\frac{\text{Total no. of resign per month (whether voluntary or force)}}{\text{Total no. of employees at the beginning of the month} + \text{total No. of new joiners} - \text{total no of resignation}} * 100$$

7.1. Position of Attrition Rate in IT/ITES in Different Countries

Attrition rate in ITES BPO sector have come down from 30% – 33% being witnessed of late to about 25% now, according to statistics compiled by the National Human Resource Development Network.

7.2. Cost Associated with Attrition

Employee's attrition is a costly affair for all organizations. In today taxing business climate managing a company's competent and skilled human capital is vital for success. It is estimated that employee attrition costs an organization 12 to 18 months' salary for each employee is leaving at a manager level, and 4 to 6 months' pay for each employee at a basic management level.

According to a study by Ipsos Reid, 30% of employees typically plan to change jobs in the next 2 years. Staff attrition (or turn over) and absenteeism represent significant costs to most organizations. It is odd, therefore that many organizations neither measure such costs nor have targets or plans to reduce them.

While there are various costs associated with attrition, they are as follows:

- Recruitment Costs
- Training Costs
- Lost Productivity Costs
- New Hire Costs
- Lost Sales Costs
- Opportunity Costs
- Intangible Costs

Attrition - Key Factors

- Poor Management
- Mergers & Acquisition
- Inability to use Ones Competencies
- Lack of Role Clarity
- Lack of Challenge
- Boss and Management Style
- Job Stress
- Lack of Learning Opportunity
- Lack of Excitement and Innovation in the Job
- Compensation

Table 1 Ranking Method – Causes of Attrition in BPO companies

S.No	Causes	Employees Rank (R ₁)	Hr Managers Rank (R ₂)	D = R ₁ – R ₂	D ²
1.	Behavior of Supervisors & Subordinates	3	3	0	0
2.	Lack of Career Growth Opportunity	2	1	1	1
3.	Biased Treatment	4	4	0	0
4.	Future of the Organization is Uncertain	5	5	0	0
5.	Poor Compensation	1	2	- 1	1
Total					2

$$\text{FORMULA: } R = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}, \text{ SOLUTION: } R = .90$$

There are 90% relationships between HR managers and employees opinion regarding attrition

Table 2 Cumulative Results (Chi Square Analysis)

S.No	Factors	Hypothesis (H ₀)	Results
1.	AGE	There is <i>no significant difference</i> between age and causes of attrition.	Hence H ₀ is rejected; there is <i>difference</i> between age and causes of attrition.
2.	GENDER	There is <i>no significant difference</i> between gender and causes of attrition.	Hence H ₀ is rejected; there is <i>difference</i> between gender and causes of attrition
3.	MARITAL STATUS	There is <i>no significant difference</i> between marital status and causes of attrition.	Hence H ₀ is rejected; there is <i>difference</i> between marital status and causes of attrition
4.	NATIVE PLACE	There is <i>no significant difference</i> between native place and causes of attrition.	Hence H ₀ is accepted; there is <i>no significant difference</i> between native place and causes of attrition.
5.	EXPERIENC E	There is <i>no significant difference</i> between experience and causes of attrition.	Hence H ₀ is accepted; there is <i>no significant difference</i> between experience and causes of attrition.

8. FINDINGS

- Career growth is the most important cause for increasing employee turnover in companies.
- Compensation is second important cause for increasing employee turnover.
- Employee, employer and supervisor are responsible for increasing turnover.
- Employees intend to consider another job mostly in 1-3 years.
- High cost like training cost, recruitment cost, new hire cost, lost productivity cost, cost due to personal leaving associated with attrition.
- Economic status of the organizations is playing a major role in controlling the attrition.
- Small companies are not able to retain the knowledge & talented employees.
- Factor causing attrition varies from small organization to big organization.

- Exit interview can help to control the employee turnover.
- Organizations are trying to identify the reasons to avoid attrition by talking to the employees informally & they are not able to implement their ideas immediately because of the policies and the financial crunch, etc.

9. SUGGESTIONS

- Start with recruitment. It is better not to recruit those people who will be the most difficult to retain.
- Pay attention to this aspect from the recruitment stage itself.
- Also be ready to adapt attrition. It is the order of the day. Market forces are too strong.
- Focus on what you can change. Don't focus on what you cannot change.
- Sometimes don't have to recruit all high powered staff.
- Simplify and standardize jobs and use multi-skilling to help to meet any contingencies.
- Focus on retaining intellectual capital even when employees leave. Think of appropriate mechanisms and build organizational memories and knowledge systems to retain talent and intellectual capital.
- Cooperate with competitors. Form clubs and associations
- Conducting In- interview and Out- (Exit) interview properly and scheduled way.

10. CONCLUSIONS

The key organizational (HR) issue being faced today by all the companies is attrition. The highest percentage of attrition is in voice based processing of BPO industries. Career growth, compensation and supervision are the most important reasons which contribute to attrition. Due to monotonous nature of job, employees like to change their job frequently and the average period is in two years. Conditions of attrition vary from small to big companies. Here all companies felt that exit interview is the best way to control or maintain attrition rate in companies. Marketing departments of organizations speak on customer relationship management and their importance for the same. No organization can survive without giving importance to its employees. They are the first customers and their requirement should be identified and fulfilled. Like CRM, Employee Relationship Management (ERM) is the mantra an organization should follow to retain their employees. Fulfilling the reasonable expectations of employees should be a continuous process.

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