Human Resource Challenges in BPO Sector and Identification of Best Practices in Retaining Such Talent in Delhi/NCR

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1. INTRODUCTION

Business Process Outsourcing (BPO) is defined as the delegation of one or more IT-sensitive business processes to an external provider that in turn owns, administers and manages the selected process based on defined and measurable performance criteria (Kumar & Kumar, 2005). Big companies regularly outsource their non-critical work to an outside entity, which does the work based on certain preset criteria.

Business process outsourcing (BPO) is as an act of delegation of certain Information Technology (IT)-intensive business processes from inside an organization to an outside or external service provider that in turn owns, administers and manages the process based on defined and measurable performance criteria (M. Ashok Kumar and S. Selva Kumar : BPO – What and Why: a paper presented at an Indian Institute of Public Administration seminar). With the global telecommunications infrastructure now well established and consistently reliable, BPO lets companies take full advantage of the globalization by exporting certain outside providers who can do it cheaper, faster, or better. The benefits in terms of cost and competition are obvious, but it is also an effective way for companies to focus more on their core competencies. Many peripheral functions, such as payroll and benefits, customer services, call centres, technical support, and even manufacturing can be and are outsourced (Rick L Click and Thomas N Duening: Business Process Outsourcing: The Competitive Advantage).

However, with the increasing specialization, BPO is no longer limited to the above areas. Today's outsourcing involves complex jobs, such as software design, financial analysis, and even medical prescriptions. For example, Indian radiologists now analyse computed tomography (CT) scans, and chest X-rays for American patients out of an office in Mumbai, Bangalore, or Delhi. In the United States, radiologists are among the highest-paid medical professionals, often earning more than US$300, 00 a year to evaluate magnetic resonance imaging (MRI), CT scans, and Xrays. In India, radiologists work for less than half that. Earnst & Young has hundreds of accountants in India processing US tax returns. Starting salary for an American account ranges from US$40,000 to US$50,000, whereas Indian accountants are paid less than half that amount (Nelson D Schwartz, "Down and Out in White-Collar America," *Fortune* (June 23, 2003, pp. 79-86).

Human Resource is a strong aspect of every organization. Human resource is the department who connects employees to the management. It plays a vital role in building and destroying any organizations. Human resources is the set of individuals who make up the workforce of an organization, business sector, or economy. "Human capital" is sometimes used synonymously with human resources, although human capital typically refers to a more narrow view (i.e., the knowledge the individuals embody and can contribute to an organization). Likewise, other terms sometimes used include "manpower", "talent", "labor", or simply "people".

From the corporate prospects employees are the real asset of every organization. The values of the human recourse are enhanced by developing them. For enhancing and developing Human resource every organization under take Human Resource Management. Employees level of satisfaction depends on varies prospects-

• Age group

• Nature of work

• Job satisfaction

• Interest

• Pay scale

• Company culture

• Qualifications

The young age groups are found out to be more job hopping then a middle age group. Middle age job hop more job than a senior age group. Job hopping can be because of any reason. The active reasons that are found out in research are health issue, salary issue, growth, culture, company culture and dissatisfaction towards ones job. Human resource department plays a very vital role in retaining any employee.

2. OVERVIEW

Growing from a mere US$565 million export revenue in 2000 (Budhwar et al. 2006) the Indian Business Process Outsourcing (BPO) industry rose to gross up over US$100 billion in 2012, emerging as the country's fastest growing sector and the largest foreign exchange generator. The National Association of Software and Services Companies (NASSCOM), which represents Indian technology industry's 1,200 corporate members, projects this figure to rise to US$225 billion by 2020 (NASSCOM Annual Report 2012). Of the US$101bn, earned in 2011/12 financial year (April 1, 2011 to March 31, 2012), US$60bn came from exports, or work done for clients outside India, and US$32bn was generated by growth in the domestic market. Overall, the BPO sector grew by 14.8 percent, with the domestic market registering a 16.5 percent growth, yearon- year in 2011/12. According to NASSCOM, BPO export revenues can expand four-fold, and the domestic BPO market seven-fold, by 2020.

Apart from revenues, which constitute 6.4 percent of India's GDP and 14 percent of total exports, the BPO industry has played a major role in transforming India's image from a slow moving agriculture based economy to a knowledge-based economy of innovative entrepreneurs and providers of world-class technology solution andbusiness services. Apart from emerging as one of the largest

organized private sector employer, it has contributed to growth in other sectors, such as real estate, telecom and retail by creating demand for output. On its own , in 2011, it provided 2.5 million direct jobs and 8.3 million indirect employment in ancilliary activities, such as catering, security, transportation and housekeeping (NASSCOM, Strategic Review 2011). In 2011, according to NASSCOM, BPO employees spent Rs 70,000 crores in different areas, like telecom, healthcare, textiles, media and entertainment and consumer durables. A NASSCOM-Evalueserve survey, conducted in 2011, showed that 62 percent of BPO employees owned an automobile, 84 percent spent a portion of their income towards housing (7 percent in real estate), 42 percent saved more than 10 percent of their salary, and 22 percent owned all three assets.

A notable feature of the industry is that it employs relatively younger workforce compared to other industries: around 35 percent of the employees in 2011 were in the age group of 18-25 and 41 percent in 25-30 years age group. The NASSCOM-Evalueserve survey found that 77 percent of employees supported their extended families, while 56 percent were the primary bread earners of their household. Women constituted 50 percent of the workforce.

India's internet technology industry continues to expand, despite weak economies in key markets in United States and Europe, thanks to domestic growth and a push into new regions like the Middle East and Africa.

Revenues for India's information technology and outsourcing industries are expected to cross $100 billion in the financial year 2011-12, a 14.8 percent increase from last year and double 2007 (NASSCOM, 2011). By 2020, the revenues are expected to reach $225 billion (New York Times, February 16, 2012).

But in spite of such a positive outlook, the hard truth is that BPO, while being the highest employer, is also famous for seeing the highest number of attritions. Attrition in BPO remains a cause of perennial concern. For an industry that relies on huge human workforce, the constant churning exerts pressures on the bottomline of a company. While the availability of manpower in the form of graduates is high in the country, the quality of the workforce affectsthe quality of services red. According to ASSOCHAM, the rate of attrition reached 55% in the period between Dec 2010-April 2011(Business Standard, 2011). In face, ASSOCHAM called the high attrition rate a talent crisis (Hindustan Times, 2011). To overcome such high attrition rates, companies keep hiring and training all year round. The HR team is foreverseeking newer employees to replace the ones that have left. Thus, a major chunk of a company's budget is diverted towards getting employees and retaining them. Studies done by others (Sen, 2010, Srivastava et al, 2011) in this field have identified the factors that lead to attrition. These factors give a picture of the challenges facing the employees. The HR attempts to

answer these problems in order to stem the outflow. In spite of the constant attrition, companies have been able to retain talent, who do not leave the company for more long time.

The HR department put in place policies which the employees may perceive to be beneficial and as a result they don't leave the company.

3. LITERATURE REVIEW

The BPO industry in India has come a long way. From humble beginning, it has turned into a billion dollar industry, and is a major revenue earner for India. In 2012, the exports are expected to reach $60 billion (NASSCOM, 2012). In addition to earning precious foreign revenue for India, BPO is also a major employer, employing fresh graduates from various fields. For such a vast reaching industry, however, little has been researched.

The industry sufferers from an image problem, being viewed as a having no growth prospects by the professionals, and as a place of loose morals by the moralists. The one aspect of the BPO, the high attrition rate, has been written about the most. Studies have been done to identify the reasons involved.

Srivastava, Tiwari and Kumar researched on the Attrition and Retention of employees in BPO sector in 2011. In their research, they concluded that companies should treat the employees as investors in the company. They also concluded that loyalty was not a given, and had to be earned by the company. As such, the company had to put in the necessary policies in place to make the company seem like a good proposition for the employees to work at.

For looking at the problem of retention, various theories by social scientists were studied. These served as the basis for doing the research. Each scientist had a theory for why attrition occurs in a company. Based on these theories, research has been conducted by the researches on the problem of attrition in the BPOs.

4. RESEARCH METHODOLOGY

The general intent of this detailed, exploratory and descriptive study is three-fold. First is to study the challenges faced by HR in BPOs and the practices they indulge in to retain talent. The second is the identification and exploration of the causal agents of attrition in the BPO sector of Delhi-NCR region. Third is to compare the various practices to retain talent and identify the best practises in retaining talent. This involved a detailed study of HR in every BPO researched by me and the details and the data collected by respondents in Human Resource departments and also the employees of the target area. Firstly, the definition of Human Resource as defined by various authors will be evaluated and compared with the practical interaction with the HR team and was studied. Secondly, the effected area i.e BPO sector employees will be studied. This research will be done by undertaking field survey, interviewing various HR groups to study their point of view and their practices in retaining talent. Secondary data will also be needed in the same and will be procure from various research books, journals and websites. The Primary data will be compared with the secondary data to find any correlation on the micro or macro level. Comparison will be made firstly on the basis of Human Resource practise that was practiced like monetary gains in the form of bonuses, incentives, and increments. Other ways that HR team adapted was giving appreciation to the employees doing well in their jobs. This will be considered as a way of retaining their employees. An extreme step was holding back the bonuses. This research work will also include assessing the levels of employee motivation, employee satisfaction, employee involvement, and life interest and work compatibility among the employees before and after the recommendations; and the relationship between the perceived attitudes and employees' willingness to stay. Survey was chosen as the method for data collection, as it is the most extensively used technique, especially in behavioural sciences. This chapter describes will include pilot study, participants of the study, instrumentation done for the study, data collection, and data analysis procedures of the entire study.

5. PILOT STUDY

Pilot study was first done to determine whether the HR people were willing to retain their talent, the ways they are adopting in retaining talent and the challenges they are facing in doing so. Personal interaction was conducted with Human Resource department employees. The view they had regarding the employees was studied in detail. The view point of the HR towards its employees was observed. To get the exact and documented study a questionnaire was prepared BPO companies from Delhi-NCR region to fill it. Questionnaire was prepared after the personal interaction with the HR department and studying their outlook in retaining this talent. The practices made by HR department was recognized and was tried to know were the employees actually retained with this practises or alternative and better

practices was needed. The questionnaire was made on the basis of question to study the actual and the best way to retain them.

6. SIGNIFICANCE OF RESEARCH

Various study has been undertaken to know the fact of BPO. We can find number of books, journals, articles and study on BPO but the efforts taken by the HR team in retaining the young talent has always been overlooked by everyone. As young talent are attracted towards BPO, they lose their health and many other things to be in the industry (that we can explore and learn in future studies) in the same way even company works upon its method in retaining such talents. The steps taken by the HR team and department cannot be overlooked. The efforts put in by the HR team needs to get some limelight. As BPO industry has always been looked upon from a young professionals point of view, being an researcher I want to look at this matter from both the prospects. The research aims to establish the best practices used in retaining talent and their effectiveness.

7. HYPOTHESIS

The BPO industry is a major employer of workforce in India today. It has been attracting talent from all sections of the young society, from the professional colleges to the students from diploma courses. A typical BPO set up is a cosmopolitan mix of talents, genders and qualifications. With large number of male and female employees working together, the BPO work place has to cater differing sensibilities. Into this mix, are the social aspirations of the individual employees. While some employees use the BPOs as a stop gap arrangement for something better, others aim to make a career out of it. • In this study, we aim to identify the efficiency of the various employee retention techniques used by the BPOs. The companies use different techniques to retain talents, but a comparative analysis of the techniques has not been done. Retention does not follow the adage of one size fits all. What may be an effective technique in one company may not be successful in the other, and while the big corporations may use a technique to retain talent, it may not work in the smaller organizations. The research will be done on the hypothesis that the employee retention techniques are dependent on the nature of the work offered, the size and prestige of the organization, and the financial aspects. The generally accepted viewpoint in the industry is that financial emoluments play a big part in retaining employees, and job security and careers are not the topmost criteria of most BPO employees. The research aims to disprove that theory, and make a case that given sufficient opportunities, employees can be made to look beyond the short term benefits and think about building careers.

8. LIMITATIONS

The focus of study will be the BPO industry, which is known for its high attrition rate. It will focus on the employees as well as the HR. • In conducting interviews, the employees as well as the HR will be biased towards their own viewpoints and these may not gel with each other. Being a researcher, we cannot focus on a particular viewpoint. We will need to focus on viewpoints of the employees as well as the HR. It is possible that the information provided by either the employees or the HR may not be correct, so we will have to work in a margin of error.

The BPO industry is a very varied industry. There are companies of all sizes, and within the companies itself, there are outsourced processes that may vary in size and number. Each of these processes will have their own sets of strengths and weaknesses. So, it can be safely assumed that the primary data will be very varied and every changing, so it may not be possible to accurately represent the industry.

The amount of literature on the issue of BPOs is limited, and this too, is focused more towards the companies and the HR rather than the employees. Some bias may occur in the secondary data as well.

Finally, sine the area of research is limited to the Delhi-NCR regions, it is not indicative of the industry as a whole.

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