



Employee Retention Failure Factors: The Case of BPO Industry

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Abstract: Employee retention has emerged as a critical concern in the Business Process Outsourcing (BPO) industry due to its direct impact on organizational stability, productivity, and profitability. This paper provides a comprehensive review of employee retention strategies within the BPO sector, aiming to identify key factors influencing retention and effective strategies for mitigating turnover. The study also focuses on employees' preferences about different variables of the work environment. The study was conducted through descriptive analysis at PharmDart Consulting (OPC) Pvt. Ltd. in Raipur with a sample size of 30 employees which includes administered to managers, executives, and various other employees belonging to various departments. The review highlights several factors contributing to high turnover rates in the BPO industry, including work stress, job satisfaction, organizational culture, career development opportunities, and compensation packages. Furthermore, it examines the unique challenges faced by BPO firms, such as intense competition, demanding client expectations, and the nature of repetitive tasks. Moreover, this paper identifies and evaluates various retention strategies BPO companies adopt to address these challenges. These strategies encompass a range of approaches, including the enhancement of workplace culture, implementation of flexible work arrangements, provision of skill development programs, improvement of compensation and benefits packages, and fostering a supportive work environment.

Index Terms - Employee retention, BPO Industry, organizational stability, productivity, and profitability.

Introduction

Investing in human capital is considered the most profitable business strategy in the knowledge of the intensive economy today. The Human Resource function plays an important role in the betterment of any organization and hence the senior executives naturally expect more from the Human Resource Department. Skill-based ability and a positive attitude to deliver results are the main things companies look for while recruiting. If there is one industry that has emerged relatively unscathed in the economic downturn, it is the BPO which includes recruitment, staffing, etc.

As companies get more cost-conscious, India is becoming more attractive as an outsourcing destination. The country offers many advantages like very good technical support, cheap manpower, skilled people, and so on. India's time zone position has made the country a popular choice for outsourcing BPO activities. There is a lot of potential in the domestic market for a BPO. Entering the domestic BPO segment, the domestic market is gearing up for companies.

“Business process outsourcing (BPO) is a broad term referring to outsourcing in all fields. A BPO differentiates itself by either putting in new technology or applying existing technology in a new way to improve a process.”

Employee Retention is one of the critical measures that should be looked into for the long-lasting strength and success of the organization. Making employees feel their presence makes a difference in the organization is an important way of retaining them. Some of the basic components an organization has to focus on when retaining its employees are: Managing the organization’s culture and values, developing effective career opportunities, providing work-life benefits, and providing high-quality recognition and long-term rewards for the jobs done by the employees.

Retention of employees in the organization for a longer period has become a necessity for the success of an organization in such a competitive scenario. When corporate management insists on customer delight then one must think of employee delight as well. Corporations in the information technology sector are facing difficulties in retaining their best talent despite salary hikes, better fringe benefits, etc. though it has been shown that money plays an important role as a motivator for the employees. In these days of talent wars, retaining the person or star performers in the organization is more difficult than getting a person. Thus, the best way to retain star performer is to understand them and their psychological needs better than they know themselves.

The successful organization realizes employee retention; talent management is integral to sustaining their leadership, and growth in the marketplace. Organizations know that productivity and profitability are directly tied to retention.

High turnover of employees leads to loss of talent for the organization as well as original and replacement costs. Original costs are the sacrifice incurred to acquire and develop human resources divisible into direct and indirect acquisition of learning costs. Replacement cost refers to the sacrifice that would have to be incurred today to replace the human resources presently employed and includes costs attributable to the turnover of a present employee and the cost of acquiring and developing a replacement.

Employee turnover is a concern to human resource development (HRD) professionals whose goal it is to develop human expertise. The purpose of this project is to present a theoretical model of employee turnover to clarify the impact of organizational practices on employee turnover and provide a foundation for research and theory development on employee turnover from an HRD perspective. Such a model could offer HRD professionals’ further rationale for evaluating their practices based on reduced costs of turnover, thus enhancing their strategic role in the organization while fostering developmental goals at the individual level and finally resulting retention of employees.

The success of any retention initiative depends on the ability of the manager to understand, predict, and control the attrition in the organization. Managers need to understand the reason and independent variable to control turnover.

Managers can predict the future trends based on the current pattern and causes. After prediction the challenge with managers is to improve and control the root causes so that one can keep the attrition within the managing or building zone.

HR executives and line managers have long recognized that sustained high level of turnover have a significant negative effect on productivity. High turnover, resulting in fewer experienced employees means a smaller portion of the work performance has the institutional knowledge and organizational learning to do their jobs effectively. However, turnover has a more long-lasting effect on the productivity of the entire organization. Thus retaining of employees in BPO’s which outsources in various fields, had become an essential element for all the organizations so as to avoid high employee turnover. Hence, an employee retention policy at PharmDart Consulting (OPC) Pvt. Ltd. was taken up for my project study.

I. IMPORTANCE OF THE STUDY

Employee retention is a very important factor as it helps in studying different sources of techniques that are being followed by organizations to avoid attrition. And to analyze the viewpoints of the employees on different employee retention strategies.

This project is significant as it will ascertain some of the reasons why people leave the organization. It would also help to understand and analyze the responses of the sample group and provide valuable suggestions to the organization.

It is said that India continues to be the most attractive destination for offshoring of services such as information technology, business processes and call centres (reported by AT Kearney in The Economic Times).

Productivity and profitability are directly tied to retention. Employees who have an above average attitude toward their work will generate 38% higher customer satisfaction scores, 22% higher productivity and 27% higher profits for their companies. Where as an individual firm cannot do much about the manpower shortage, it certainly can do a lot more about retaining its existing employees. It takes time, money and efforts to recruit and train an employee, and it would make good sense for the companies to retain these employees, taking into consideration the employee's perceptions.

This project is significant in knowing how it is important for the organization to develop and maintain retention policies based on employees' perceptions so that they can retain the employees for a maximum period. The successful organization realizes employee retention and talent management is integral to sustaining their leadership and growth in the marketplace.

II. OBJECTIVES OF THE STUDY

The broader objective of this study is to know about the impact of the failure factor responsible for employee retention.

The specific objectives are as follows:

1. To check the preference of employees about different variables of the work environment.
2. To study the HR implications in the BPO industry.
3. To study the causes of retention and the techniques and strategies adopted to retain the employees.

III. SCOPE OF THE STUDY

The research is conducted to study employee retention at PharmDart Consulting (OPC) Pvt. Ltd. in Raipur with a sample size of 30 employees. The questionnaire has been administered to managers, executives, and various other employees belonging to various departments. It takes into consideration the primary and secondary data. The study can be extended further for future predictions, and implications to predict the perception of employee retention.

IV. METHODOLOGY OF THE STUDY

The method of study of this project involves the collection of primary data from PharmDart Consulting (OPC) Pvt. Ltd. (Consulting Company) and also the collection of secondary data.

Primary data is likely to be originated by the researcher for the specific purpose of addressing the research problem. In this research the primary data is collected through the questionnaire with the HR Managers, executives, and employees in PharmDart Consulting (OPC) Pvt. Ltd. The questionnaire contains questions as to what can be done to prevent attrition among employees, various causes for leaving the organization, etc. The sample size of the study is only 30. Thus, analyses and interpretations are made based on the answers filled in the questionnaire.

Secondary data is the data collected for some purpose other than the problem at hand. This data is easily accessible, relatively inexpensive, and quickly obtained. Internal secondary data have been accessed from the company's website. External secondary data sources included websites and data from various HR books.

V. LIMITATION OF THE STUDY

As nothing is perfect except the effort, this study too has its limitations that limit the applicability and validity of the study. The business environment factors and variables underlying the study belong to a very dynamic category. The only constant thing is change. So, the study can be obsolete as soon as a major change in the environment takes place. The information drawn from this study may not be applicable in the future as the number of employees and network may not be stagnant. The sample size is only 30 which may not be sufficient to conclude the accurate responses because a sample may not represent the entire organization. There is a scope for biased information, though every effort has been taken to give accurate information by the respondents on their own experience in the company. The information drawn from this study may not be applicable in the future as the number of employees and network may not be stagnant. The present study has to be seen in the light of the above limitations to derive desired benefits.

VI. RESULTS AND DISCUSSION

7.1 Results of Descriptive Statics of Study Variables

Table 7.1: Descriptive Statics

Socio-Demographic Variable		Frequency	Percent
Gender	Male	16	53.3
	Female	14	46.7
Age	20-25	4	13.3
	25-30	8	26.7
	30-35	13	43.3
	Above 35	5	16.7
Marital Status	Unmarried	13	43.3
	Married	17	56.7
Working experience	Less than 1 year	2	6.7
	1-5 year	16	53.3
	5-10 year	9	30.0
	More than 10 years	3	10.0
Salary of the respondent	Below 10,000	3	10.0
	More than 10,000	27	90.0

Table 7.1 displayed frequency and percentage where it showed (53.3%) Males and (46.7%) Females and 43.3% of them were in 30-35 Year Age Group. 56.7% were married and 43.3% were unmarried. 6.7% worked for less than 1 year, 53.3% for 1-5 year, 30.0% for 5-10 years, and 10.0% had been more than 10 years. Of the respondents, 10.0% are having below 10,000 salaries and 90.0% have more than 10,000 salaries.

Table 7.2: Descriptive Statics

S. No.	Factors	Responses	Percentage
1	Causes of Attrition	Less pay scale	33%
		Lack of motivation	7%
		Lack of growth	47%
		Lots of stress	13%
2	Problems Faced by Employees	Excessive work pressure	39%
		Low morale	28%
		Less pay	28%
		Frequent orders	5%
3	Preventive Measures	Increase in pay scale	33%
		Growth	27%
		Motivation	23%
		Flexibility in time	17%
4	Indulgence in Work	Yes	43%
		No	10%
		Partly yes	30%
		Can't say	17%
5	Reasons For Staying at the Present Job	Career opportunities	55%
		Interest in work	16%
		Flexibility in work hours	10%

		Pay package	19%
6	Reducing Stress Level	Team outings	27%
		Breaks at regular intervals	23%
		Less excessive pressure	13%
		Proper delegation of work	37%
7	Persuasion Decisions to be Taken	Yes	14%
		No	17%
		Partly yes	31%
		Can't say	38%
8	Satisfaction of Employees	Pay	27%
		Motivation and encouragement	26%
		Challenging work	30%
		No work Pressure	17%
9	Reasons Behind Success	Proper work implementation	60%
		By handling poor performance sensitively	7%
		Equipment is maintained in a safe condition	6%
		Dedication to the work	27%
10	Satisfaction of the Outcome	Yes	40%
		No	50%
		Partly yes	3%
		Can't say	7%
11	Appreciation Towards Work	Well-appreciated	30%
		Appreciated on an average basis	47%
		Not appreciated	7%
		Can't say	16%
12	Improvement of the Workplace	Better infrastructure	30%
		Open door policy	20%
		Bonus & allowances	23%
		Teamwork	27%
13	Employees Recommendations	Yes	7%
		No	27%
		Partly yes	23%
		Can't say	43%
14	Company's Advantage	Higher pay	28%
		Basic incentives like accommodation, transportation, pension etc.	31%
		Less working hours	6%
		Less work pressure	35%

Main reasons for leaving the organization

- 33% of the employees feel that the main reason for leaving any organization is less pay.
- 7% of the employees feel that lack of motivation is also one of the factors for leaving any organization.
- The majority of people that is 47%, feel that lack of growth in the organization causes attrition.
- 13% of the employees feel that lots of stress cause employees leave the organization

Processes, procedures & the system that have contributed to the problem(s)/ decisions to leave.

- 39% of the employees feel that excessive work pressure has contributed to their decisions to leave.
- 28% of employees feel that low morale and less pay have contributed to their decisions to leave.
- 5% of employees feel that frequent orders from the management have made them leave the organization.

Suggestions as to prevent the situation from developing or to provide a basis for staying with the previous organization.

- 33% of the employees feel that an increase in pay scale would prevent the attrition rates in the previous organization.
- Growth in the organization will prevent the situation of leaving, according to 27% of employees.
- 23% of employees feel that motivation of employees also plays an important factor in preventing attrition and retaining employees in the previous organization.

- Flexibility of timings will also help to retain employees according to 17% of employees.
- Employees' responses as to whether they were developed/inducted adequately for their roles.
- 43% of the employees feel that they were developed/inducted adequately for their roles.
 - 10% of the employees feel that they were not developed/inducted adequately for their roles.
 - 30% of the employees feel that they were partly inducted adequately for their roles.
 - 17% of the employees do not have any opinion as to whether they were inducted adequately for their roles or not.

Reason for staying in the current job

- Career opportunities are one of the important factors to stay in the organization according to 55% of the employees.
- 16% of the employees feel that staying in the organization also depends upon their interest in work.
- According to 10% of employees, flexibility in working hours also enables the employees to stay in the organization.

19% of the employees feel that staying in the organization depends on the pay package of the company. Responses as to how the organization should reduce the stress level among the employees, where stress is an issue.

- Stress levels in an organization among the employees can be reduced by team outings, according to 27% of the employees.
- 23% of the employees feel that stress levels can be reduced by having breaks at regular intervals.
- Less excessive work pressure will reduce the stress level among the employees, according to 13% of the employees.
- 37% of the employees feel that proper delegation of work will reduce the stress level among the employees.

Employee's persuasion to renegotiate/discuss the possibility of staying in the company.

- 14% of the employees feel that they can be persuaded to renegotiate/discuss the possibility of staying in the company.
- 17% of the employees feel that they cannot be persuaded to renegotiate/discuss the possibility of staying in the company.
- 31% of the employees feel that they may or may not be persuaded to renegotiate/discuss the possibility of staying in the company.
- 38% of the employees do not have any opinion as to whether they can be persuaded to renegotiate/discuss the possibility of staying in the company.

The most satisfying factor of the job.

- According to 27% of the employees, pay is regarded as the most satisfying factor of their jobs.
- 26% of the employees feel that motivation and encouragement are the most satisfying elements of their jobs.
- According to 30% of the employees' challenging work is regarded as the most satisfying factor of their jobs.
- 17% of the employees feel that no work pressure is the most satisfying element of their jobs.

Based on experience, reasons that lead to success in the company.

- 60% of the employees feel that proper work implementation will help in succeeding this company.
- 7% of the employees feel that by handling poor performance sensitively, a company can succeed.
- 6% of the employees feel that a company can succeed if the equipment is maintained in a safe condition.
- Dedication towards the work will help a company to succeed, according to 27% of the employees.

Employee's responses as to whether their job duties turned out as they accepted.

- 40% of the employees feel that their job duties turned out as they expected.
- 50% of the employees have a negative response as their job duties did not turn out as they expected.
- 3% of the employees feel that their job duties were partly turned out as they expected.
- 7% of the employees do not have any opinion as to whether their job duties were as they expected.

Employee's implementation appreciated towards work by his co-workers and Supervisor.

- 30% of the employees feel that their implementation towards the work is well appreciated by their co-workers and supervisor.
- 47% of the employees feel that their implementation towards the work is appreciated on an average basis by their co-workers and supervisor.
- 7% of the employees feel that their implementation of the work is not appreciated by their co-workers and supervisor.

- 16% of the employees cannot say anything as to whether their work is appreciated or not.
- Suggestions as to improve and to make the workplace better.
- 30% of the employees feel that better infrastructure will make the workplace better.
 - 20% of the employees feel that an open-door policy would make the workplace better.
 - 23% of the employees feel that the provision of bonuses and allowances would make the work place better.
 - Teamwork among the employees in the organization would make the workplace better.
- Employee's recommendation towards working for the company which they have left, for their family and friends.
- 7% of the employees feel that they can recommend their family and friends to work in the organization which they have left.
 - 27% of the employees feel that they cannot recommend their family and friends to work in the organization which they have left.
 - 23% of the employees feel that they may recommend their family and friends to work in the organization that they have left.
 - 43% of the employees do not have any opinion as to whether they can recommend their family and friends to work in the organization or not.
- The greatest advantage that this company offers, is that the previous company did not offer.
- 28% of the employees feel that higher pay is the greatest advantage that the company offers.
 - 31% of the employees feel that the greatest advantage which the company offers is the basic incentives like accommodation, transportation, pension, etc.
 - 6% of employees feel that fewer working hours in the company is the greatest advantage.
 - Less work pressure is regarded as the greatest advantage according to 35% of employees.

The main reason for employees leaving the organization is due to the lack of growth in the organizations. Excessive work pressure among the employees is considered as the main factor which has contributed to the decisions to leave. The majority of employees which is 33%, feel that an increase in pay scale would have made them stay with the previous organization. The majority of the employees feel that they were adequately developed for their roles. More than half of the employees, that is 55% of them feel that staying in a particular organization depends on the career opportunities of the employees. Stress levels can be reduced by delegating proper work to the respective employees in an organization. The majority of the employees do not have any opinion as to whether they can be persuaded to renegotiate/discuss the possibility of staying in the company. According to the survey majority of the employees feel that challenging work in the organization is the most satisfying of their jobs. Implementing proper work is regarded as the most important factor for a company to succeed. The majority of the employees that is 50% of them feel that their job duties did not turn out as they expected. The majority of the employees feel that their implementation of the work is appreciated on an average basis. According to the analysis improvement in the infrastructure of the organization will make the workplace better. According to the analysis, the majority that is 41% feel that they might or might not recommend their family and friends to work in the organization which they have left. Thus, the greatest advantage of the company which the employees feel is the provision of basic incentives like accommodation, transportation, pension, etc.

VII. RECOMMENDATIONS AND SUGGESTIONS

Proper guidance should be provided so that the organizational goals can be achieved. Satisfaction for employees plays a vital role in any organization. So, better pay packages and bonus options should be there. The organization should not only concentrate on their development but also employee development. The organization should work on freshers a lot and manage the workforce by offering them better remunerations and a work atmosphere. A pay package under the work assigned to the employee backed by motivation would result in employee retention. More recreational activities and frequent promotions along with better growth opportunities will avoid attrition and hence result in employee retention. Good rewards for good work will result in retention. There should be coordination between the superior and the sub-ordinates and there should also be support from the sub-ordinates. The organization should have proper flexibility in timings. An open-door policy will be the best option for any organization to grow. The organization should have proper teamwork and should delegate work properly. The organization should have more interactive sessions with the employees. A better performance appraisal system should be there. Challenging work should be given to the employees so that they work with full interest and dedication. The employees should be trained properly

regarding new technology so that they should be able to adapt to the new changes in the organization. Hence, the above suggestions should be followed in the organization to manage issues better in the future.

VIII. CONCLUSION

This is very clear that people are not enjoying very much the job in the companies. They only pass the time until they do not get a better job anywhere else. This concept is increasing the attrition rate in the companies.

Firstly, the company's image should be made like an industry for long-term jobs. Further, there should be flexibility in timings and increments should be given. In conclusion, it can be said that the future of the company is very good in India. The attrition rate can be made well and good for the health of the industry by taking some important measures. The survey done in this project clearly defines that there are certain facts, which are very important to be considered. Therefore, companies must transform their way of working to seek and convert new opportunities -wherever those opportunities may be.

As it is said, happiness can be contagious it should be made sure that the workplace is a happy one, in which every employee would love to spend time. The human resources department along with senior management must take steps to make sure of this so that they can avoid attrition and maintain retention.

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