



EMPLOYEE RETENTION IN BPO SECTOR

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ABSTRACT

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees. Most employees feel that they are worth more than they are actually paid. There is a natural disparity between what people think they should be paid and what Organizations spend in compensation. When the difference becomes too great and another opportunity occurs, turnover can result. Pay is defined as the wages, salary, or compensation given to an employee in exchange for services the employee performs for the organization. Pay is more than "dollars and cents;" it also acknowledges the worth and value of the human contribution. What people are paid has been shown to have a clear, reliable impact on turnover in numerous studies.

Employees comprise the most vital assets of the company. In a work place where employees are not able to use their full potential and not heard and valued, they are likely to leave because of stress and frustration. In a transparent environment while employees get a sense of achievement and belongingness from a healthy work environment, the company is benefited with a stronger, reliable work-force harbouring bright new ideas for its growth Blog Online and Earn Money.

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INTRODUCTION

Employee turnover is one of the largest though widely unknown costs an organization faces. While companies routinely keep track of various costs such as supplies and payroll, few take into consideration how much employee turnover will cost them: Ernst & Young estimates it costs approximately \$120,000 to replace 10 professionals. According to research done by Sibson & Company, to recoup the cost of losing just one employee a fast food restaurant must sell 7,613 combo meals at \$2.50 each. Employee turnover costs companies 30 to 50% of the annual salary of entry-level employees, 150% of middle-level employees, and up to 400% for upper level, specialized employees. Now that so much is being done by organizations to retain its employees.

Why is retention so important? Is it just to reduce the turn over costs?

Well, the answer is a definite no. It's not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached.

Retention involves five major things:

- Compensation
- Environment
- Growth
- Relationship
- Support

Employers Key Drives to Attract and Retain Talent

- **Procter and Gamble India**
 - Early responsibilities in career
 - Flexible and transparent organizational culture
 - Global opportunities through a variety of exposure and diverse experiences
 - Performance Recognition
- **American Express (India)**
 - Strong global brand

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- Value-based environment
- Pioneer in many people practices
- **NTPC**
 - Learning and growth opportunities
 - Competitive rewards
 - Opportunity to grow, learn and implement
 - Strong social security and employee welfare performance- oriented culture
- **Johnson & Johnson**
 - Strong values of trust, caring fairness, and respect within the organization
 - Freedom to operate at work
 - Early responsibility in career
 - Training and learning opportunities
 - Visible, transparent and accessible leaders
 - Competitive rewards
 - Innovative HR programs and practices
- **Glaxo Smith Kline Consumer Healthcare**
 - Performance-driven Rewards
 - Its belief in “Growing our own timber”
 - Comprehensive development and learning programs
 - Flat organization, where performance could lead to very quick progression
 - Challenging work context
 - Competitive rewards
 - Exhaustive induction and orientation progra
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- **Tata Steel**
 - Organization philosophy and culture
 - Job stability
 - Freedom to work and innovate
- **Colgate Palmolive India**
 - Company brand
 - Open, transparent, and caring organization
 - Management according to the managing with respect to guiding principles
 - Training and development programs
 - Structured career planning process

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- Global career opportunities

Wipro

- Company's brand as an employer
- Early opportunities for growth
- High degree of autonomy
- Value compatibility
- Innovative people program

Indian Oil Corporation

- Company brand image
- Work ethics
- Learning and growth opportunities
- Challenging work assignments
- Growing organization

➤ **TCS**

- The group brand equity
- Strong corporate governance and citizenship
- Commitment to learning and development
- Best in people practices
- Challenging assignments
- Opportunity to work with fortune 500 clients
- Organization Environment

It is not about managing retention. It is about managing people. If an organization manages people well, employee retention will take care of itself. Organizations should focus on managing the work environment to make better use of the available human assets. People want to work for an organization which provides

- Appreciation for the work done
- Ample opportunities to grow
- A friendly and cooperative environment
- A feeling that the organization is second home to the employee

Organization environment includes

- Culture

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- Values

Types of environment the employee needs in an organization:

- **Learning environment:** It includes continuous learning and improvement of the individual, certifications and provision for higher studies, etc.
- **Support environment:** Organization can provide support in the form of work-life balance. Work life balance includes:
 - ✓ Flexible hours
 - ✓ Telecommuting
 - ✓ Dependent care
 - ✓ Alternate work schedules
 - ✓ Vacations
 - ✓ Wellness
- **Work environment:** It includes efficient managers, supportive co-workers, challenging work, involvement in decision-making, clarity of work and responsibilities, and recognition. Lack or absence of such environment pushes employees to look for new opportunities. The environment should be such that the employee feels connected to the organization in every respect.
- **Growth:** Career Growth and development are the integral part of every individual's career. If an employee can not foresee his path of career development in his current organization, there are chances that he'll leave the organization as soon as he gets an opportunity. The important factors in employee growth that an employee looks for himself are:
 - ✚ **Work profile:** The work profile on which the employee is working should be in sync with his capabilities. The profile should not be too low or too high.
 - ✚ **Personal growth and dreams:** Employees responsibilities in the organization should help him achieve his personal goals also. Organizations can't keep aside the individual goals of employees and foster organizations goals. Employees' priority is to work for them and later on comes the organization. If he's not satisfied with his growth, he'll not be able to contribute in organization growth.
 - ✚ **Training and development:** Employees should be trained and given chance to improve and enhance their skills. Many employers fear that if the employees are well

rained, they'll leave the organization for better jobs. Organization should not limit the resources on which organization's success depends. These trainings can be given to improve many skills like:

- ✓ Communications skills
- ✓ Technical skills
- ✓ In-house processes and procedures improvement related skills or customer satisfaction related skills
- ✓ Special project related skills

Need for such trainings be recognized from individual performance reviews, individual meetings, employee satisfaction surveys and by being in constant touch with the employees.

Importance of Relationship in Employee Retention Program Sometimes the relationship with the management and the peers becomes the reason for an employee to leave the organization. The management is sometimes not able to provide an employee a supportive work culture and environment in terms of personal or professional relationships. There are times when an employee starts feeling bitterness towards the management or peers.

This bitterness could be due to many reasons. This decreases employee's interest and he become demotivated. It leads to less satisfaction and eventually attrition. A supportive work culture helps grow employee professionally and boosts employee satisfaction. To enhance good professional relationships at work, the management should keep the following points in mind.

Respect for the individual: Respect for the individual is the must in the organization.

- ✚ **Relationship with the immediate manager:** A manager plays the role of a mentor and a coach. He designs and plans work for each employee. It is his duty to involve the employee in the processes of the organization. So, an organization should hire managers who can make and maintain good relations with their subordinates.
- ✚ **Relationship with colleagues:** Promote team work, not only among teams but in different departments as well. This will induce competition as well as improve the Relationship among colleagues.
- ✚ **Recruit whole heartedly:** An employee should be recruited if there is a proper place and duties for him to perform. Otherwise he'll feel useless and will be dissatisfied.

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Employees should know what the organization expects from them and what their expectation from the organization is. Deliver what is promised. Promote an employee-based culture: The employee should know that the organization is there to support him at the time of need. Show them that the organization cares and he'll show the same for the organization. An employee-based culture may include decision making authority, availability of resources, open door policy, etc.

✚ **Individual development:** Taking proper care of employees includes acknowledgement to the employee's dreams and personal goals. Create opportunities for their career growth by providing mentorship programs, certifications, educational courses, etc.

✚ **Induce loyalty:** Organizations should be loyal as well as they should promote loyalty in the employees too. Try to make the current employees stay instead of recruiting new ones.

Support Lack of support from management can sometimes serve as a reason for employee retention. Supervisor should support his subordinates in a way so that each one of them is a success. Management should try to focus on its employees and support them not only in their difficult times at work but also through the times of personal crisis. Management can support employees by providing them recognition and appreciation. Employers can also provide valuable feedback to employees and make them feel valued to the organization.

The feedback from supervisor helps the employee to feel more responsible, confident and empowered. Top management can also support its employees in their personal crisis by providing personal loans during emergencies, childcare services, employee assistance Programs, counselling services, etc.

Employers can also support their employees by creating an environment of trust and inculcating the organizational values into employees. Thus, employers can support their employees in a number of ways as follows:

- By providing feedback
- By giving recognition and rewards
- By counselling them
- By providing emotional support

Objectives of The Study

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- 1-To identify the various factors determining retention of employee in organizations.
- 2-To provide suggestions for retaining employees in organization.
- 3- To find out various retention practices undertaken by the different organizations.
- 4- To find out various types of environment employee needs in an organization.

Research Methodology

Primary data:

Primary data is the new or fresh data collected from the respondents through structured scheduled questionnaire.

Secondary data:

The secondary data are collected through the structured questionnaire, literature review and also from the past records maintained by the company.

Importance of Employee Retention

The process of employee retention will benefit an organization in the following ways:

1. The Cost of Turnover: The cost of employee turnover adds hundreds of thousands of moneys to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.

Loss of Company Knowledge: When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment is not realized.

Interruption of Customer Service: Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss.

Turnover leads to more turnovers: When an employee terminate, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

Goodwill of the company: The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.

Regaining efficiency: If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly which many a times goes unnoticed. And even after this you cannot assure us of the same efficiency from the new employee What Makes Employee Leave? Employees do not leave an organization without any significant reason. There are certain circumstances that lead to their leaving the organization. The most common reasons can be:

Job is not what the employee expected to be: Sometimes the job responsibilities don't come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction.

Job and person mismatch: A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he won't be able to perform it well and will try to find out reasons to leave the job.

No growth opportunities: No or less learning and growth opportunities in the current job will make candidate's job and career stagnant.

Lack of appreciation: If the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in job.

Lack of trust and support in co-workers, seniors and management: Trust is the most important factor that is required for an individual to stay in the job. Non-supportive co-workers, seniors and management can make office environment unfriendly and difficult to work in.

Stress from overwork and work life imbalance: Job stress can lead to work life imbalance which ultimately many times lead to employee leaving the organization.

Compensation: Better compensation packages being offered by other companies may attract employees towards themselves.

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New job offers: An attractive job offers which an employee thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead an employee to leave the organization.

Managing Employee Retention:

The task of managing employees can be understood as a three-stage process:

1. Identify cost of employee turnover.
2. Understand why employee leave.
3. Implement retention strategies

The organizations should start with identifying the employee turnover rates within a particular time period and benchmark it with the competitor organizations. This will help in assessing the whether the employee retention rates are healthy in the company. Secondly, the cost of employee turnover can be calculated. According to a survey, on an average, attrition costs companies 18 months' salary for each manager or professional who leaves, and 6 months' pay for each hourly employee who leaves. This amounts to major organizational and financial stress, considering that one out of every three employees plan to leave his or her job in the next two years.

Understand why employees leave:

Why employees leave often puzzles top management. Exit interviews are an ideal way of recording and analysing the factors that have led employees to leave the organization. They allow an organization to understand the reasons for leaving and underlying issues. However, employees never provide appropriate response to the asked questions. So, an impartial person should be appointed with whom the employees feel comfortable in expressing their opinions.

Implement retention strategy: Once the causes of attrition are found, a strategy is to be implemented so as to reduce employee turnover. The most effective strategy is to adopt a holistic approach to dealing with attrition

Suggestions

- Employee should be provided with proper training.

- Employee should be appreciated for good work.
- Employee should be motivated to welcome the change.
- If any changes are brought in to software or any module is added then proper
- Training should be given.

Recommendations

1. Develop an attractive employee value proposition an employee value proposition means that your company has something attractive to offer that is perceived as valuable to an employee. as an employer, you must understand what makes your organization attractive to potential recruits and current employees. Branding yourself as an employer of choice is not just a slick set of marketing tactics. The best advocates for an employer's brand are its current employees. What messages do they send to others about their employer? Are they honestly saying and believing that, "This is a great place to work?"
2. Create a total reward structure that includes more than compensation. Every company should have all the normal compensation mechanisms common to their type of employment. Yet, total rewards packages go far beyond money. While money might temporarily retain employees, it does not always equate with engagement. People want a chance to make a difference and realize themselves. That self-realization is multi-dimensional and different for each employee. The total reward structure should include, in addition to compensation, support for employees to attain their personal objectives aligned with the goals of their organization.
3. Give feedback on employee performance on a regular basis. Most managers and employees are not enamoured with the performance appraisal process in their organization. Yet, an effective performance management process serves many purposes. Ongoing performance feedback allows employees to better know where they stand, gives them a formal means to provide input, and indicates that their managers pay attention to them and that their performance matters. This feedback contributes to employee engagement and retention.
4. Be flexible in terms of work-life balance. Workers more and more value a balance between work and life. They want more flexible ways to engage with their employer. To attract and retain workers with different work and career expectations, organizations have to be more flexible in structuring work and its expectations. It calls

for a different managerial mindset and practices that involve letting go of old ways of controlling workers' time and attendance in favour of result criteria such as output, productivity and quality.

4. Create a culture of engagement. Employees have become more connected with others in the organization (and the broader supply-and-customer chain) through project-based team work and process management activities. Employees are shifting their loyalty to people, teams and projects and away from company loyalty. It is organizations that create the culture and climate that allow people, processes and projects to become fully connected and engaged with one another. Engaged employees are more likely to stay with their employer.

CONCLUSION

Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, Retention comprises important elements such as the need or content, search and choice of strategies, goal-directed behaviour, social comparison of rewards reinforcement, and performance-satisfaction. The increasing attention paid towards Retention is justified because of several reasons. Motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive.

Any technology needs motivated employees to adopt it successfully. Several approaches to Retention are available. Early theories are too simplistic in their approach towards Retention. For example, advocates of scientific Management believe that money is the motivating factor. The Human Relations Movement posits that social contacts will motivate workers. Mere knowledge about the theories of Retention will not help manage their subordinates. They need to have certain techniques that help them change the behaviour of employees. One such technique is reward. Reward, particularly money, is a motivator according to need-based and process theories of Retention. For the behavioural scientists, however, money is not important as a motivator. Whatever may be the arguments, it can be stated that money can influence some people in certain circumstance. Being an outgrowth of Herzberg's, two factor theory of Retention, job enrichment is considered to be a powerful motivator. An enriched job has added responsibilities. The makes the job interesting and rewarding. Job enlargement refers to adding a few more task elements horizontally. Task variety helps motivate job holders. Job rotation involves shifting an incumbent from one job to another.

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