ANALYZING CAUSES OF ATTRITION RATE AND GIVING THE SOLUTION THROUGH MASLOW's HIERARCHY OF NEED IN BPO INDUSTRY

Iqbal, Naila

Dept. of Management, Rajiv Gandhi College , Bhopal (M.P),INDIA

ABSTRACT

The IT enabled services (BPO) industry is being looked upon as the next big employment generator. It is however no easy task for an HR manager in this sector to bridge the ever increasing demand and supply gap of professionals. Unlike this software industry counterpart, the BPO HR manager is not only required to fulfill this responsibility, but also find the right kind of people who can keep pace with the unique work patterns in this industry. Adding to this is the issue of maintaining consistency in performance and keeping the motivation levels high, despite the monotonous work. The toughest concern for an HR manager is however the high attrition rate. Usually in the developing countries, the average attrition rate in the BPO sector is approximately 30-35 percent. It is true that this is far less than the prevalent attrition rate in the US market (around 70 percent), but the challenge continues to be greater considering the recent growth of the industry in the country.

The high percentage of females in the workforce (constituting 30-35 percent of the total), adds to the high attrition rate. Most women leave their job either after marriage or because of social pressures caused by irregular working hours in the industry. All this translates into huge losses for the company, which invests a lot of money in training them.

KEY WORDS: Business process outsourcing, Attrition rate, Motivational training, Drive Attrition, Drag attrition,

INTRODUCTION

Attrition can be defined as "A reduction in the number of employees through retirement, resignation or death" and also we can say it as" The rate of shrinkage in size or number". To calculate attrition rate of a company there is no standard formula because of certain factors as:

- The employee base changes each month.
- In some cases, attrition of poor performers may also not be treated as attrition.

Calculating attrition rate:

Attrition rates can be calculated using a simple formula:

Attrition = (No. of employees who left in the year / average employees in the year) x 100

Critical resource attrition tells the attrition in terms of key personnel like senior executives leaving the organization where as Low performance attrition tells the attrition of those who left due to poor performance. The following graph shows the Attrition of different countries.

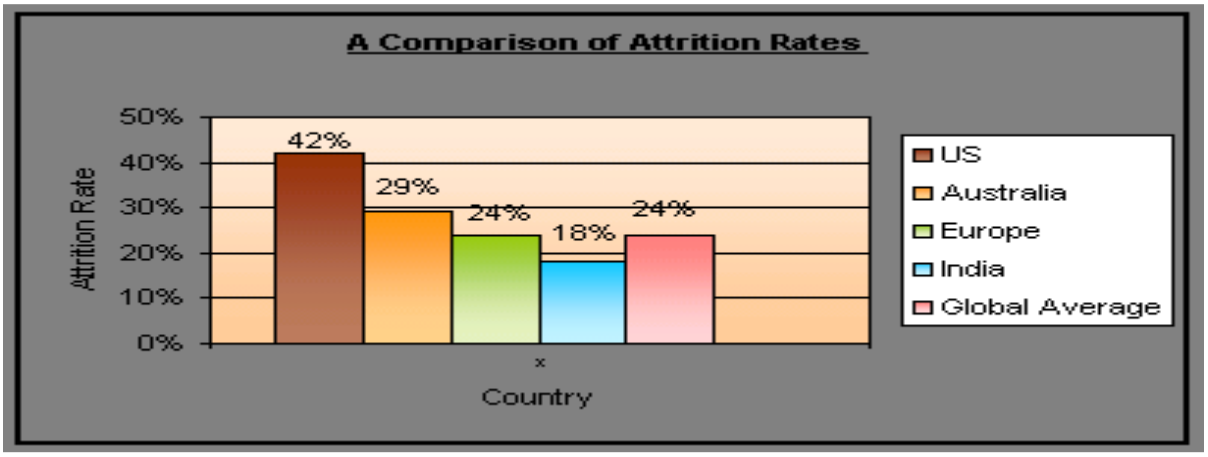


Fig.1.1 taken from (http://www.indiastat.com)

All the sectors are facing attrition. But the reasons and effects of attrition in every sector are different.

OBJECTIVE OF THE STUDY

- To explore the causes for frequent job switching.
- To study the impact of attrition on the organization productivity.
- To study and find ways of managing and reducing attrition rate in BPO industry.

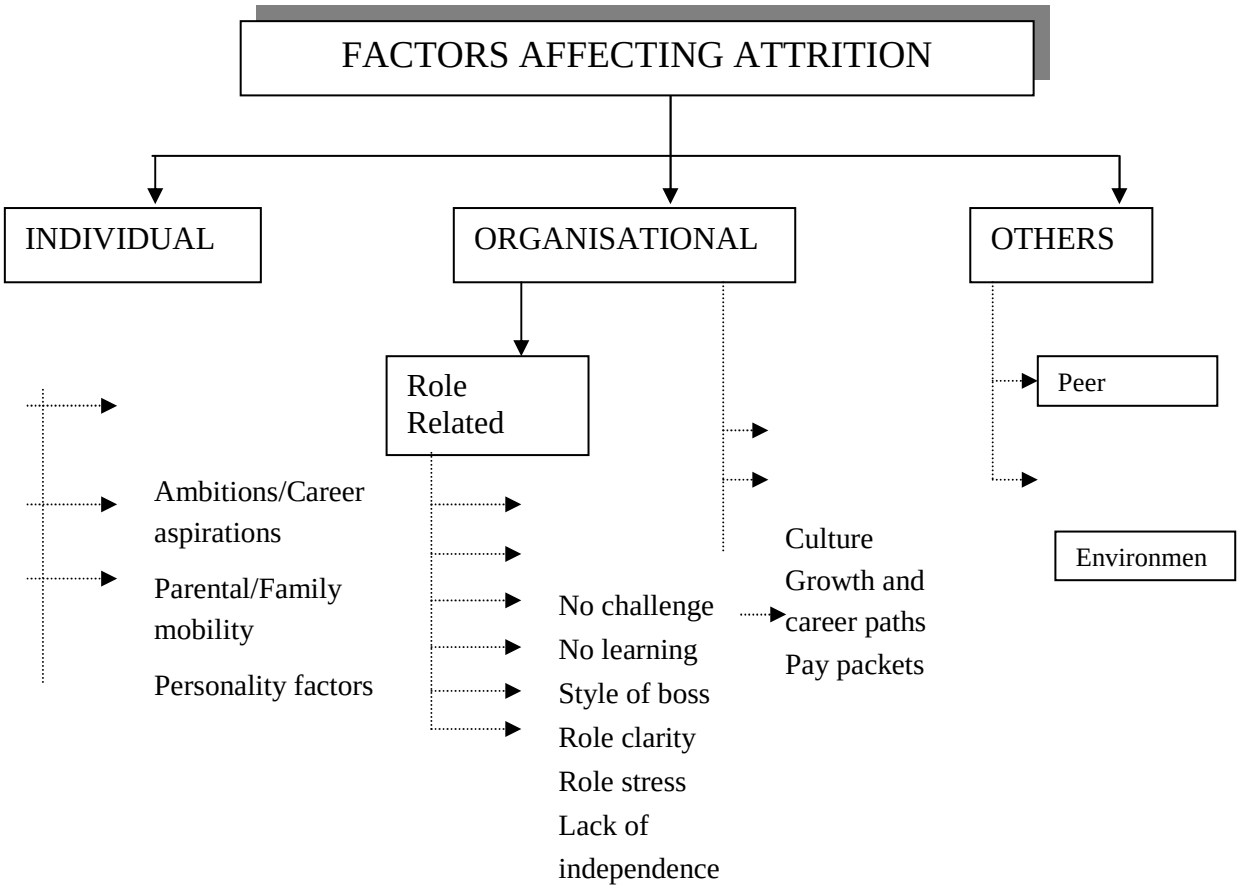
SIGNIFICANCE OF THE STUDY

Attrition is the biggest problem faced by BPOs these days. Attrition rate in BPOs is more than the attrition rate in any other sector. It is very important to control this attrition rate. Many retention schemes are applied in BPOs for retention. The best results for employee retention can be achieved by applying different tools strategically. Therefore various strategies which can boost successful employee retention in BPOs.

- Know the cost
    - A. Recruitment cost
    - Training and development cost
    - Administration cost

- Hire from known sources like employee referrals through trustworthy employees.

- Hire the right people. To retain employees, the people who are productive and are likely to stay for a longer time should be hired ie now a days serach for a passive employees.
- Focus on employee orientation.
- Individual development. Develop career plans for employees. Initiate mentorship and higher education programs to keep the learning and development moving.
- Training for managers.
- Find the reason why employees are leaving
- Employee recognition.



BPO Policies they are using to tackle the Attrition:

Most BPO voice operators facing a very high level of attrition (more than 30%) are those who have relatively smaller operations (less than 1000-seaters) and handle processes requiring low knowledge levels. This article focuses on how these operators can tackle high levels of attrition. The typical BPO voice operator can be characterized by the following:

- Operating at low end of market and only skill required by agents is English speaking ability

- Most agents have little discrimination and have to stick to prepared script
- The typical agent is in the age group 18-26 and certainly below 30
- The typical agent is a graduate, about 20% are high school pass and there is no one with post graduation or higher level education

Two thirds of the churn can be attributed to people moving from one call center to another implying that they are staying within the industry and not quitting it to join some other industry – that means stressful nature of the job alone is not a good explanatory factor and merely taking steps only to reduce stress will not help stem attrition.

ANALYZING CAUSES OF ATTRITION AND GIVING THE SOLUTION THROUGH MASLOW's HIERARCHY OF NEED:-

Attrition in the BPO industry needs to be tackled using a multi-level approach. Maslow's Hierarchy of Needs is a multilevel model which primarily identifies the needs which are likely to act as factors of motivation for any human behavior. We now analyze the current circumstances in BPO using Maslow's Hierarchy of Needs to develop a better understanding of what are the expectations of any person from the industry at each level and how is it being fulfilled presently. During this process the framework would also be used to identify gaps which when handled appropriately can act as motivators for a person to carry on in this industry, thus bringing the present attrition rate under control.

Maslow's basic Herarcial need model

1. Maslow's basic needs are as follows: -

1.1Physiological Needs:-

These are biological needs. They are the strongest needs because if a person were deprived of all needs, the physiological ones would come first in the person's search for satisfaction.

For any person in the BPO industry, this basic need is satisfied by the compensation provided. Hence he looks forward to a sufficient compensation structure which would take care of all of his basic physiological needs. This needs to be continuously updated with time such that it fulfills all the

physiological need of the person and his family at every stage of his life. Presently the BPO industry has been providing a better than average salary in the entry level but there is a general perception that it does not provide a proportionate rise in salary as the experience increases.

GAP*:*

The boom in the BPO sector has lead to exorbitant rise in salaries. Hence even after the high entry salary, the industry workforce look forward to opportunities for making easy money. An absence in such arbitrage opportunities leads to dissatisfaction of the physiological need.

MEASURE TAKEN:

Helping Employees With Stress Management:
Understanding that stress is a major concern for all BPO employees, it is the duty of HR Heads of these firms to address it properly. Having a health club set up within the premises would help employees relax after work. Making arrangements for activities like yoga, aerobics and meditation would be a major stress buster for them.

Focused Training & Development Programs

- For Associates & Team Leaders: A session on Transactional Analysis during the induction period so that both are made aware of the causes for Communication breakdowns & conflicts which affect their mental behavior and stress which needs to be tackled at the earliest in the right manner
- Those who are working on services verticals: like Banking & Financial services to be imparted training/knowledge of Vedic Math's, which would help them, calculate the figures quickly without using calculators
- Creativity & Innovation: Its all about Attitude! A job can be as monotonous or exciting as you think/believe it to be, as it is all a state of mind. Look for excitement in the job process as it is not just answering the queries or solving the problems of customers but learning more about the Customer through his voice accent or visualizing his environment/culture
- Encourage the best performers to share their experiences with others and mentor others. The emphasis is to create the desire to learn, enjoy and be passionate about the work they do
- Meditation Room or deep breath exercises for Associates & Team Leaders: the emphasis is that they should never be in the stress mode or upset while attending calls of a customer
- Hire outstation candidates (from small towns like Amravati, Latur, Nashik etc.,) and provide them with shared accommodation
- The industry should look beyond the traditional areas of recruitment and some thought should be given to employ physically challenged people and housewives

- To arrest this trend, companies can look into various options like good rewards, bonding programme, flexible working hours and stronger career path
- Offer part-time work to attract workers who don't fit the typical call-centre profile - for example, older homemakers who have English-language skills

1.2 SAFETY NEEDS:-

When all physiological needs are satisfied and are no longer controlling thoughts and behaviors, the needs for security becomes active. Adults have little awareness of their security needs except in times of emergency or periods of disorganization in the social structure (such as widespread rioting). Children often display the signs of insecurity and the need to be safe.
There are two aspects of the security which would concern a person in the BPO business. One is the physical security of the employee and their family. This need becomes particularly important for the weaker sex who sometimes avoids BPO jobs because of the late night timings. The other aspect is the psychological fear of job security. At the moment since the industry is growing and there is ample abundance of jobs, this is not an issue. Also the Indian laws are not favorable to retrenchment. Hence the later is not an issue although physical security is.

GAP*:*
The companies presently provide the best of available security but with the industry growing rapidly there is a need to maintain the same standards if we don't want this need to be a cause of attrition.

MEASURE TAKEN:

Night Shifts
- Have doctors to advise & guide them about their biological clocks and ways & means to deal with them
- Dietary advice: - Do's and don'ts
- Create the passion that they are doing a yeomen service to the nation by bringing the much-required Foreign Exchange
- They are helping people (clients) to make their life easier
- Special lights in the office/workplace to ensure their bodies get sufficient vitamin D
- One distinct disadvantage of night shifts is the sense of disorientation with friends and family members. Concentrate on this problem and develop innovative solutions and ways to deal with it

Communications - Getting Your People to Care
- Communication is the first step toward creating the kind of environment that people care about, and if they care, they just may stay. At any time, all of your employees should have a pretty good idea of how business has

been, and they should be aware of what issues the company is attempting to address.

- The point here is that you want to treat these people as your partners, which they are. They may not have to worry about covering the payroll this week, but they do have worries of their own. Treat them with at least as much respect as they give you. As the store's owner or manager, you set the tone for the entire organization.

- Listen to your employees when they have ideas for improvement. Let everybody know where it came from. Post a "brag board" in your break room, or circulate an internal newsletter that touts these contributions. The pay-off is a contagious feeling of pride and, perhaps, some new efficiency that saves the company money.

Taking Up the Cause of Women in the BPO Sector:
In a majority of BPO organizations, work related to quality monitoring and software development happens during the day. Attrition among women in the BPO firms could be cut down to a great extent if preference is given to women to work on these activities during the day

1.3NEEDS OF LOVE, AFFECTION AND BELONGINGNESS:-

The next higher class of needs which emerge is the need for love, affection and belongingness. Maslow states that people seek to overcome feelings of loneliness and alienation. This involves both giving and receiving love, affection and the sense of belonging.
This need of an individual gets highly affected by the BPO industry predominantly for people working in the night shift. Night Shift causes separation from ones family, friends and relatives. Employees have been found complaining about not being able to spend ample time with their family after working in night shift. The BPO companies try to compensate for this by creating a fun-filled working environment and much stress is laid down on developing friends and relationships inside the company. But there is a huge gap in expectation and fulfillment which needs to be satisfied.

GAP:
Lack of family and social interactions is one of the major concerns for the employees which need to be dealt by the BPO companies. This issue needs to be dealt with the importance and sensitivity which it deserves.

MEASURE TAKEN:

_Bolstering the Feeling of Importance Among Employees:
BPO firms have employees leaving their firms because of their misconception that they are very insignificant entities when one looks at

the larger organizational picture. Many BPO employees feel that their work does not have any impact on the business as a whole. Reassuring these employees would be the most important thing that the firm could do in such circumstances. The firm could do this by involving them in activities like quality improvement, forecasting, and collaboration with other teams and departments, establishing schedules, etc. It could also ensure that they have an understanding of (and involvement in) the direction and values of the organization.

Helping the Employee Maintain a Work-Life Balance:
Employees would be able to bring about a work-life balance if they have the liberty to choose their working hours. The main objective of the flexi-time policy is to provide opportunity to employees to work with flexible work schedules and set out conditions for availing this provision. Flexible work schedules could be initiated by employees and approved by the management to meet business commitments while supporting the employee's personal life needs. The factors on which flexi-time is allowed to an employee could be: child or parent care, health situation, maternity and formal education program. However, in the BPO sector, since the working hours are constrained by the working hours of the client, the margin within which work times can be adjusted is very limited.

Improving Superior-Subordinate Relationship:
The ways in which people are valued can make a considerable impact on the effectiveness of the organization, and is at the heart of the employment relationship. A pleasant working environment could motivate employees and their immediate superiors have a major role to play in this. Managers should appreciate and reward even the smallest of accomplishments of their subordinates. The reward need not always be in monetary terms. Recognition is the most cost-effective motivator there is. While the high cost of other rewards forces us to give them sparingly, recognition can be given any time, at very little cost. Some very ordinary items and events can be imbued with extraordinary motivational significance, far in excess of their monetary value. For example, rewarding good work with movie tickets would have significant impact on the employee. Even a sincere "Thank you" could be delivered at any place and at any time, costs absolutely nothing and can be motivationally more powerful than a substantial monetary bonus. These initiatives go a long way in motivating as well as improving relationships with the employees. In this regard, there is an onus on the senior managers as well. They should take time off to meet new employees and learn about their talents, abilities and skills. This would work both ways. The senior manager would get a feel of the pulse of the organization, while the employees would feel welcomed and acknowledged.

Set Clear Expectations

- Setting expectations initiates the process. Managers need to sit down with each employee and clearly define what's expected of them. Why is a setting expectation important? Quite simply, this process can be the

cornerstone of improving the motivational climate within your sphere of responsibility. Setting expectations revolves around the following three areas:

- Key job responsibilities
- Performance factors and standards
- Goals

- *Clarity* - Expectations should focus on outcomes, not activities. In other words, you achieve clarity when you identify the expected results rather than the method for achieving them.
- *Relevance* - The principle of relevance helps define the "why" of the assignment. If your employees have a full understanding of the project's importance, they can make adjustments as unanticipated factors crop up within the process. They probably also will be more committed to the result because they can see more easily how it fits into the big picture and how their efforts impact the company.
- *Simplicity* - Simplicity creates a sense of grounding for employees as they Endeavour to carry out assignments. If managers identify the work in simple, straightforward terms, employees will find it much easier to follow through on managers' wishes. To accomplish this, a manager must identify the key message in a fashion that the employee can embrace.

Proper Rewarding

It is about both financial and non-financial rewards and embraces the strategies, policies, structures and processes used to develop and maintain reward systems. Keep following parameters in mind, while designing a reward policy:

- *Build a high degree of recognition value into every reward you offer*: Recognition is the most cost-effective motivator there is. While the high cost of other rewards forces us to give them sparingly, recognition can be given any time, at very little cost. Highly motivating organizations even celebrate small successes.
- Example: A health-conscious company distributes fruit bowls to employee's work areas when key personal milestones are attained. Another company uses a more fattening approach: fresh-baked chocolate-chip cookies to say thank you.
- *Reduce entitlements and link as many rewards as possible to performance*: Clearly the traditional "pay for loyalty" systems in most organizations need to be changed. Don't let attendance be your major criterion for rewards. Move toward performance-based rewards, including performance bonuses, gain-sharing and non-monetary recognition. Smart organizations are looking for opportunities to reduce across-the-board entitlements, and thereby find more resources for discretionary performance-based rewards, without increasing the total cost of rewards.
- There is a well-accepted law of behavioral psychology, that if you want someone to repeat a behavior, you should positively recognize it immediately. From this law, smart supervisors and managers can learn a vital lesson: Look for any employee doing something right, right now, and recognizes it.

- Troubleshoot your reward system to make sure that what it is rewarding is what you really want to happen: The Law of Rewards - "What you reward is what you get" - Is extremely powerful. The most important question to ask in evaluating the reward system in your organization is, do the rewards we are giving elicit the performance we want? Start with the results you want to achieve and then pinpoint the types of behaviors needed to achieve them. For example:
- If you believe teamwork is going to get you the results you want, make sure you reward teamwork, and not internal competition between departments
- If you want quality, make sure that productivity isn't over emphasized
- If you want long-term solutions, don't reward quick fixes
- Note: Also, don't confuse employees with too many rewards. It is better to focus rewards on the critical few behaviors and results, rather than diluting them by rewarding the trivial many.
- *Give employees a choice of rewards*: Rewards are as different as the people who receive them and it doesn't make sense to give rewards that recipients don't find rewarding.
- How do we know what will be rewarding to employees? Ask them. Smart organizations are also letting employees choose their own rewards from reward menus and catalogs. Personalizing rewards shows that a company cares enough to discover what "interests" each employee, rather than just distributing generic items.
- *Increase the longevity of your rewards*: This can be done in a number of ways: One of the keys to reward longevity is symbolism. For instance, a T-shirt of coffee mug with a meaningful inscription will continue rewarding those who wear it, or use it, long after its initial receipt.
- *Use Point System*: Rather than rewarding each individual behavior or accomplishment, points can be awarded, which employees can accumulate and eventually trade for items from a reward menu or gift catalog. This keeps the anticipation of rewards fresh for longer periods of time. It also addresses the need for reward individualization. Example: Sitel India
- Interestingly, when researchers have investigated the motivational dynamics of these workplace games, they have found that the major motivator is the playing, not the prize.
- *Be continually vigilant of demotivators that may undermine your organization's best efforts to provide power rewards, and reduce them promptly*: Most demotivators can be dramatically reduced by soliciting employee involvement in identifying highest-priority demotivators and by enlisting top-management commitment to support their reduction. Employees need to be educated about the reasons that this is being done, understand the ultimate benefits to them and the organization, and should probably have some input into the change process.
- To avoid the perception of unfairness, it is important, first and foremost, that the process for allocating rewards is viewed by employees as being impartial. This requires an objective measurement system that few

organizations have. Without such objective measurement, any reward system is probably destined to failure.

- *The quality of the supervision an employee receives is critical to employee retention*: Supervisor has a critical role to play in retention. Frequent employee complaints centre on these areas.
  - Lack of clarity about expectations
  - Lack of clarity about earning potential
  - Lack of feedback about performance
  - Failure to hold scheduled meetings
  - Failure to provide a framework within which the employee perceives he can succeed.
- The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention. Employees offer ideas, feel free to criticize and commit to continuous improvement. If not, they bite their tongues or find themselves constantly "in trouble" - until they leave.
- This report is not exhaustive, you can innovate many new strategies to retain your people. These are just the basics and if implemented in a proper way can give good results.

1.4 NEEDS FOR ESTEEM:-

As per Maslow, after the first three classes of needs are satisfied, the need for esteem becomes dominant. These involve needs for both self-esteem and for the esteem a person gets from others. Humans have a need for a stable, firmly based, high level of self-respect, and respect from others. When these needs are satisfied, the person feels self-confident and valuable. When these needs are left unfulfilled, the person feels inferior, weak, helpless and worthless.

BPO industry unfortunately has been regarded by the Indian society as a low value industry with low end work and which does not need high educational qualification. Hence a person working in this industry is viewed as a person of less ability compared to others working in any other industry. This attitude has developed because of the mass recruitment undertaken by BPO firms during the initial days, where not much focus was laid on selecting highly capable person. This diminution in esteem sometimes leads to reasons for one to leave the industry. The industry presently requires an image makeover. Some of the present firms are focusing on creating a positive image of the industry by using the media in a positive manner, though much is yet to be done. Certain measure such as change in Job Title is a positive step in this direction. Providing great working environment in terms of infrastructure and facilities also acts as boost to ones esteem for the employees.

GAP*:*

People working in this industry have an unsatisfied Esteem need because of the general perception about the industry. As the industry matures, the industry's positioning needs to change from being a mere money maker option to an

industry which provides immense learning, high growth prospects and opportunities for foreign experience.

MEASURE TAKEN:

Proper Utilization of Talent & Skill:

Employee resentment, in many cases stems from the mismatch of an employee's skill set with his/her job profile. Identifying an employee's skill set and providing opportunities to fully exploit the employee's expertise would encourage him/her to stay with the BPO firm. The interests of an employee should be known at the time of recruitment. This helps the firm to place the employee in his area of interest rather than thrust work, which doesn't arouse any interest in him.

Excellent Career Growth Prospects

- Encourage & groom employees to take up higher positions/openings. If not fulfilled then they will look outside the organization
- Look for talents within the organization and encourage them. For instance, if a person has the potential to be a trainer, groom & develop the employee.

- BPO firms would do well by defining a concrete corporate hierarchy thereby setting the tone for a proper career path for every employee in the organization. The firm can develop different "micro" job tiers for which agents can strive. It could tie in formal skill sets and knowledge requirements needed to achieve each level in the hierarchy, and most importantly, implement a skills-based pay program that rewards agents financially for continuous development. To help reduce agent burnout in a small environment, the firm could tap the talent and creativity of each agent when working on off-phone projects. Empowering agents and creating job diversity is essential to retaining staff in a small BPO firm for as long as possible. A career-oriented, valued employee must experience growth opportunities within the organization.

Encouraging Employees to Pursue Higher Education:

Pursuing higher education while working in a BPO should be made a viable option for all employees working in such firms. Few organizations encourage and offer support services to pursue higher education. However, time management by the executives is crucial to go forward in education as well as to maintain performance and career growth.

- Programmes on time management, tips to study and tips to keep fit could be offered. These steps would help seek the loyalty of employees towards the organization and helps greatly in the retention of employees.
- A leading BPO firm was recently in the news for having tied up with an educational institution to offer sabbaticals for their employees. Initiatives such as these would encourage employees to stay on with the firm so that they get the twin benefits of financial independence and higher education.

1.5 Needs for Self-Actualization:-

When all of the foregoing needs are satisfied, then the need for self-actualization gets activated. Maslow describes self-actualization as a person's need to be and do what the person was "born to do". These needs make themselves felt in signs of restlessness. The person feels on edge, tense, lacking something, in short, restless.
The BPO firms nowadays are trying to provide Career growth path and higher Educational Opportunities for employees as a measure of retaining them. These steps are strides in fulfilling the discontented Self Actualization needs of the employees. These are one of the few long term motivations provided by companies.

GAP:
Though recently companies have been trying to cater to the self actualization needs of their employees, this has been one of the major reasons for attrition. Industry workers are not able to envision the BPO industry as a long term career option. They feel that a long term career in the BPO industry is not feasible.

MEASURE TAKEN:
If this gap is filled that is the self-Actualization then there will be no attrition, as this the highest phase which we get in the Maslow's hierarchy Need.

CONCLUSION

Some innovative employee retention techniques can be employed in firms: -

- Shift rotation - It is said that "Permanent night birds fly away faster". To retain them, suitable day-shift opportunities should be provided from time to time
- Flexi Timing and Monthly Party
- Shop till you drop - Tie-up with a shopping mall for an evening outing and distributing prizes based on that.
- Housing and Cash Incentives (good rewards)
- Bonding Techniques and Pressure Relievers
- Flexible Working Hours
- Growth Opportunities (within the company)
- Education (learn while you earn)
- Another strategy that BPOs are employing is the go-ahead to indulge in "small talk" between customers and agents. BPOs such as Amex, HCL, Convergys, Spectra-mind and EXL are some of the few companies that have reaped dividends from implementing this strategy.
- In small talk the agent is not restricted to just fixing the problems of the customer. It rather gives the agent sufficient room to discuss things other than business. For BPOs, small talk helps in striking a good agent-client rapport. A happy customer means an agent who feels elated at a job well

done. For BPO companies, it is a win-win situation - being successful in retaining both employees and clients.

REFERENCES:

- Arundhuti Dasgupta (2002), “Global Call” Indian Management, Vol 41, Issue 6, pp 31-35.
- Babu P Ramesh (2004)“ Cyber coolies in BPO Insecurities and vulnerabilities of Non Standard work” Economic and Political weekly, January 31st p 492
- Shelley Singh & Mitu Jayashankar(2002), “The BPO Boom,” Business World,January, pp 28-37.
- Shelley Singh(2003), “Keeping ‘em from straying,” Business World, August, pp 25-27
- Sharvari Joshi (2003) “ BPOs have undergrads in their sights” Times of India, 2003,17th December, pp1
- R Raghavendra(2003), “BPO firms Head Hunt in smaller cities” The EconomicTimes, 8th October, p10.
- John K. Shank, Eric A. Spiegel (1998), “Strategic Value Analysis for Competitive Advantage”