INTRODUCTION

Employee Retention is a process in which the employees are encouraged to remain in the organization for the maximum period of time.

Corporates are facing a lot of problems in employee retention these days. Hiring Knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. There is no death of opportunities for a talented person. There are many organizations which are looking for such employees in Hyderabad, Telangana.

If a person is not satisfied by the job he is doing, he may switch to some other more suitable job. In today’s environment it becomes very important for organization to retain their employees. The reason may be personal or professional. These reasons should be understood by the employer and should be taken care of. The organizations are becoming aware of these reasons and adopting many strategies for employee retention in Hyderabad, Telangana.

Today, India is the hottest destination for any company that wants to outsource its business processes. From a negligible size in early 2000 to a gigantic size today, the BPO sector has been growing at an unpredicted rate. In 2003, India accounted for 75 percent of the total BPO offshore delivery value that was expected to increase by 55 percent annually over the next 5 years (near 2004). According to Scholl et al, India’s revenue from BPO operations was expected to grow from approximately $1 Billion in 2002 to $13.8 Billion in 2007 and its share of supply was projected to be 57% of the offshore BPO market. According to NASSCOM, the Indian IT-BPO industry (including domestic market) recorded an overall growth of 28% (currency adjusted), clocking revenue of $52 Billion in FY 07-08 up from $39.6 Billion in FY 06-07. 2008 was a year of revolution from the Indian IT-BPO sector as it began to reengineer challenges posed by macro-economic environment. Software and services exports reached USD 47 Billion, contributing nearly 66% to the overall IT-BPO revenue aggregate. IT-BPO exports reached USD 47.3 Billion in FY 2009 as against USD 40.9 billion in FY 2008, a growth of 16%.

The major problems being faced by the BPO industry in Hyderabad, Telangana can be classified into internal and external challenges. In internal challenges
includes shortage of competent managers for the middle and senior management and the high attrition rates. The external challenge is in the form of opposition of US politicians the UK labour unions against shifting of the BPO operations by local companies to India. One of the most significant internal challenges is high attrition rates. Attrition refers to a gradual, natural reduction in membership or personnel, as through retirement, resignation or death (National performance review 1997). The attrition rate in the industry has been hovering around company for 11 months, whereas an average UK call centre employees stays in a company for 3 years. According to some analysts, in general, the attrition rate fluctuates from 20% to 40%, while in the best companies, it averages around 15%. As per NASSCOM report, the outsourcing industry would have a shortage of 262000 professionals by 2015. Despite potential for tremendous growth, BPO industry continues to suffer from high level of attrition streaming from factors like high levels of stress and lack of opportunities for growth.

Attrition in BPO’s has a terrible effect on the organization. The high attrition costs increases the costs to the organization considerably. They have to combat the amount of disruption due to unplanned exits. The more the people leave an organization, the more iy is a drain on the company’s resources like recruitment expenses, training and orientation resources and the time. The high attrition rate also effects the productivity of the organisation. Therefore it is important to curb attrition not only for an individual firm but also for the industry as a whole. Many researchers have worked enormously on the BPO sector, citing its challenges, issues, and opportunities in and around employee performance, employee satisfaction, employee turnover etc.