LITRATURE REVIEW

Boron and Hanan (2002), There is little theory or data concerning issues of retention within evolving organizations. Thus this study seeks answers to the research questions: “What HR practices appear to have positive employee retention results among growth oriented entrepreneurial firms?” this is important because, to date, very few studies look at factors influencing employee retention in entrepreneurial firms, although “few imperatives are more vital to the success of young companies than retaining key personnel.

Grossman and Helpman’s statement, “we live in an age of outsourcing,” clearly designates that outsourcing has now become an acknowledged, accepted and established business strategy. One of the most familiar forms of outsourcing is business process outsourcing i.e., transferring the operational ownership of one or more of the firm’s business processes to an external supplier that, in turn, administers the processes according to some predefined metrics. BPO’s thus refers to the rearrangement of entire business functions to some other service providers, primarily in low cost locations.

Aravinda Tulasi and Venkata Ravi Kumar, In India the BPO sector is one of the fastest growing sectors contributing major share to our Gross Domestic Product. Factors such as economy of scale, cost advantage and superior competency have all lead to the growth of the BPO Industry in India. The BPO Boom in India can be credited to cheap labour cost, huge talent pool of skilled and English Speaking professionals availability. The Report of NASSCOM has revealed that the geographic location and investor friendly tax structure in India have all made the one of the shining sectors and popular. This poses a great challenge for Human Resource Professionals to retain the talented and skilled workforce and maintaining a consistency in the performance. HR manager has been facing various problems in general and retaining quality staff in general. The present paper dwells into identifying the various factors that lead to employee attrition and explaining the importance of sound organizational policies.

Cardo and Steven (2004) suggest “retention is most overlooked factor” in growth oriented firms besides organizational culture. In today’s increasingly competitive global economy, the retention of intellectual capital would appear to be a prime issue for entrepreneurial companies around the world, yet it remains understudied in both the human resource and entrepreneurship literature (Hayton, 2003; Hornsby and Kuratko, 2003). In the present scenario, world is turning into a global village and the whole globe is
reachable from any destination. In this small world even companies are reachable to the people and vice versa. And so their jobs are also easily accessible for everyone. In this situation the biggest challenge for the company is to retain its work force intact specially the knowledge banks. All the companies are planning to increase their turnover every moment of time. While in all this workout of increasing the turnover they forget about their loss incurred by the resignation of employees and the expenses of hiring new employees.

**Dr. Mita Mehta, Aarti Kurbetti and Ravneeta Dhankhar,** Today employee commitment and retention has become an important strategic aspect for the organisation. It is not only important to have the best and the most talented employees but it is equally necessary to be able to retain them for long term benefits to both the organisation and its people. The purpose of this paper is to review the findings of research papers of various authors to derive the factors that impact employee commitment and retention in a work environment. This study examines the following factors: career development opportunities, effective talent management strategies, recruitment, on boarding and orientation, investment in training and development, compensation and benefits, work life balance, culture of the organisation, leadership, communication, image of the company, autonomy and empowerment, Gallup audits, personal causes, role of HR head and supervisors, work related policies and flexi time, performance appraisals and career growth and development opportunities. There are no one fixed practices which show the importance and significance of the influence of all these above broad points because different organisations lay different emphasis on these pointers depending upon their suitability impacting retention. Based on our understanding of the papers reviewed by us, suggestions are drawn which give a holistic view on the various practices that organizations should adopt to keep the level of employee retention and commitment high.

**D. Ranjitham,** The tremendous escalating of Attrition rate in BPOs has dreadful effects on the organizational performance. The elevated attrition rate raises the costs to the organization noticeably. In spite of its incessant development, the industry faces some inconvenience or issues which are peculiar to this industry. The most significant problems are the cultural and human issues which make the human resources managers terrible in solving the issues related to the same. If the situation continues, then it may leads to huge attrition in these sectors. According to an industry specific analysis of the Associated Chamber of Commerce and Industry of India (ASSOCHAM), the BPO
industry is facing serious challenges as shortage of skilled and educated workers as the attrition rate in India's BPO sector has raised phenomenally at the rate of 55 percent with a significant visible movement in mid and senior management levels. The reasons for huge attrition are many like people related problems include stress, shortage of required skills, hike in salary, Lake of career growth opportunities in the company, Irregular working hours, Health problems due to imbalance in work timings, Pressure from peers & family, To pursue higher education, Monotony of the job etc. The BPO industries need find the strategies to solve these problems and retain the talents by adopting suitable strategies. The foremost objective of this research is to identify the root causes of attrition in BPOs, analyzing the level of employee satisfaction, motivation, involvement and commitment, also find out the ways to manage attrition in the companies. In this study, the view of 600 employees of BPO Companies in Chennai was taken for the analysis. The tool used for collecting the data was a structured questionnaire. For the analysis, chi-square and percentage method were used.

Ankita Srivastava, and Yogesh Tiwari (2005), The broad objective of this research is to identify the root causes of attrition and retention in BPOs, analyzing the level of employee motivation, satisfaction and involvement, generate a model for maximizing sustenance of employees in the organization and come up with concrete recommendations, which will eventually be valuable to the organizations to retain their employees for a long term.

Parameshwaram and Jothi (2005) observed in their study that the quantitative information about the value of human resources generated by the HRA system influences the top management in taking decisions regarding the adequacy of human resources. Again based on these insights, the decision regarding recruitment and selection of personnel is taken. It is observed that HRA information facilitates managerial decision making such as recruitments, selections, employee retentions, appraisals etc.

Researchers at Hewitt reported in 2006 that 37% of US companies acknowledged recruiting and retention challenges (Proquest, “How bad”, 2007). Kishore Rao, Executive Director, 3 M India (2007) expressed that attrition rate in manufacturing sector is much lower compared to IT, BPO which is at an average of 50%
Blessing White’s employee Engagement Report (2006) based on an online survey with 714 respondents (63 % had management / supervisory roles) from across the wide variety of industries (Financial services- 16 %, Health care, Biotech, Pharmaceuticals – 13%, Manufacturing- 14 %, Hi-tech – 10 % and others 47%). They were asked: Assuming you have a choice, do you plan to remain with your organization through the 2006 year’ on 3-point scale (Definitely, probably and no way) Responses indicated that overall, retention remains a worry as 35 % of respondents appears at risk of leaving their organizations in 2006. In Asia pacific, 41% are at risk of leaving the organizations in 2006. Respondents were asked ‘What is the most important factor influencing your thoughts about leaving the organization (No way Vs Might stay)’. Factors like my career, my work and my job conditions are the principal factors influencing leaving.

Piyali Ghosh and Geethika (2006) conducted a study of IT companies in India. Two sets of Questionnaires were designed and respondents were IT professionals and HR Managers. The study found that compensation continues to be an important factor (50%) while career development (27%) and job satisfaction (7%) put together constitute a strong reason for leaving the organization. The study also identifies reasons for staying. Job satisfaction (41%) and career development opportunities (33%) are the main reasons.

A Conference Board study (2006) highlights that the key to hiring top performers and retaining them is to comprehend what the best want from their work and tailor the company’s value proportion accordingly. The study asked employees what they expected from their employers.

Henricks, 2006 Several studies that the totalcost of voluntary employee turnover (i.e., voluntary quits) varies 150% (Ramlall) to 250% of the employees annual salary. This includes all of the recruitment and training costs, not to mention the public perception of the company, employee morale and productivity, and many other factors. Of course, the more talented a person brings to the company, the more expensive that person is to replace. This may be specially true for high growth entrepreneurial companies where intellectual capital is often the competitive advantage(Becker and Gerhart). And the pressure to keep key employees is even greater for small companies because they usually cannot offer the same amount of salary, benefits or opportunities for advancements that are available in large companies.
Phillip (2006) studied HR functioning, keeping in mind the unique requirements of knowledge IT industry, the way the top notch IT companies realise the full potential of their employees leading the way towards performance excellence. The study found that the attracting and retaining features are:

- Effective communication by periodic meeting (90%), news-letters and circulars on the intranet (90%), open door policy (85%) and open house (80%).
- Motivation by planned awards and rewards (100%), job enrichment and enlargement (90%), empowerment (85%), and performance linked incentives (86%)
- Career management systems by need based training programs (90%) and MBO based KRAs and objectives (70%)
- Entrepreneurial culture by culture of customer service (95%) ensuring employee growth (80%), encouraging work life balance (75%) and culture of innovation (75%) and
- Creating learning organization by soft skills training (95%) and employee self-learning (80%).

ISR surveys (2006) have conducted a study by collecting data from 3,60,000 employees from 41 companies in the world’s ten largest economies. Data was examined on the relationship between different levels of employees engagement and corporate financial performance measured by a change in operating margin and change in net profit margin. Comparing high engagement to low engagement companies over three year period, the differences were substantial. Clearly engaged employees are better for bottom line (3.74% in operating margin and 2.06% in net profit margin).

Crews, Ryan. M , 2006 The study carried out at Missouri Department of corrections emphasized the value of employee place of work, work environment and culture and its effect on retaining employees, and retention strategies to reduce employee turnover with respect to work environment.

As per the recent study by Executive Quiz from a search firm, Kom/Ferry International, only 5 percent of global executives surveyed indicated inadequate or inconsistent compensation as the primary reason for leaving their job. Topping the list was lack of career growth/challenges (33%); followed by ineffective leadership (20%) and attractive job markets (17%). When, asked which improvement would make the biggest difference
in organizations ability to remain talent, 42% opined ‘empowering employees to make decisions’. (financial executive, may 2006).

**American Society of Association Executives, 2006** The biggest change in strategy to retain employees as reported by the 1000 managers in a survey is cold hard cash in the form of bonus i.e. providing bonuses increased by 8 percent compared to the 2005. Improving office environment showed single biggest decline with 4% while other strategies remained same.

**According to Budhwar, Luthar and Bhatnagar (2006)** the survey on employee involvement in the Indian BPO’s has shown that practices in BPO’s operating in India are:
Team meeting (98%), Autonomous work group / Quality circle groups (90%), Corporate Intranet (90%), Suggestion schemes (88%) Employee forums or focus groups (67%), Management Presentations(61%) , Development of responsibility for quality to the lowest level (59%), Employee opinion surveys (57%), news letters / quality circles or groups (43%), Development of task or operational decision making to the lowest level (16%) and work councils or other consultative committees / trade union represents (15%).

**Pandit Y.V.L. (2007)** reported findings of a recent online survey conducted by SHL among Indian HR Managers across a wide range of companies and industries in the country which asked ‘what are your top five HR challenges you face in your company?’ Responses of 280 managers suggest that the major challenges are: Retention of talent (73%), staffing, identification and hiring of right talent,(53%) and leadership/management development(50%).

**A HR BS survey (2007)** revealed that retention is assinged first rank followed by rising compensation cost among HR challenges today. India has one of the highest attrition levels in the world at 40-45% in IT & BPO and 20-25% in all other businesses. Enterprises have been spending heavily technologies and processes in the last five years. (Mini Joseph Tejaswi, 2007)
Richardson, 2007  A study was conducted in one of the multinational corporation in Philippines to find out what steps a firm has to make it a desirable place to stay. The results of the study have shown that activity, achievement, responsibility, advancement, variety and creativity in their jobs will motivate the workers to stay with the company.

Ulrich Dave, Feb 14, 2007  Relationships is a proven tool to motivation and retain employees. Great teams are backbone to any company. Good teams possess clear purpose, clear roles, responsibilities, conflict management and learning capabilities. The job of HR is to facilitate learning process throughout the organization.

Rajiv Kumar (2007) reported that ‘Retention – Biggest Business Challenge’ seminar by Bangalore Chamber of industry and Commerce says Indian enterprises to retain employees have increased salaries by an average of 14% in the Asia Pacific region. Sector –wise, increases are: banking (24%), IT (18%), manufacturing (16%) and FMCG (18%).

Harsh Dwivedi, BPO’s have rapidly grown in India following the initial hiccups. The paper presents the present profile of the BPO industry and the dynamics of Human Resource Management Practices in this sector. Many troubles facing these organizations stem from manpower management. This paper gives an in depth analysis of the HR issues prevalent in the BPO sector and examines the critical need to address them as early as possible. While many challenges faced by the sector persist, and are likely to remain over the foreseeable future, Indian BPO’s are equipped with the ability to overcome them and continue on their strong growth trajectory.

HRBS Executive News (2007) identified long term monitory measures used by the companies in India. They are: Deferred cash (33%), Stock option (28%), restricted stock (22%), SAR settle in cash (11%), Employee share purchase plan (6%) and restricted stock units (6%). The top 5 reasons for employees leaving the company are: Better compensation packages (62%), Better career opportunities (60%), Better opportunities to utilize my skill (30%), Better benefits (17%) and more meaningful work (13%).
Craig Taylor, 2007  A comprehensive study by talent keepers, encompassing over 200,000 workers and 750 organizations, verifies that what employees want in leader is one whom they can trust, treats them fairly and as individuals, shows care had, and they will think of someone they trusted. Those they did not trust were the worse.

Delloitte research study (2008) organizations need to involve from the conventional metric focused ‘acquisition’ and ‘retention’ strategies, to methods that concentrate on the things that employees care about most:

- Developing in ways that stretch their capabilities,
- Deploying work that engages their heads and hearts and
- Connecting to the people who will help them achieve their objectives.

Shrivastava, A. (2008), in his article entitled as “Attrition and retention of employees in BPO sector” says that “live in an age of outsourcing”. Clearly designated that outsourcing has now become an acknowledged, accepted and established business strategy. One of the most familiar forms of outsourcing is Business Process Outsourcing BPO, i.e., transferring the operational ownership of one or more of the firms business processes to an external supplier that, in turn, administers the processes accordingly to some predefined metrics (Ghosh and Scott, 2005; Stone, 2004). BPO or Business Process Outsourcing thus refers to the rearrangement of entire business functions to some other services providers, primarily in low cost locations. The service provider may be either self-owned or a third party. This relocation or transferring of business process to an external provider is essentially to accomplish increased shareholder value. Some of the general services provided by BPO’s are receivables and payables, inventory management, order processing, cash flow analysis, reconciliation, data entry, payroll processing, quick books accounting, financial statement preparation and accounting services.

MASSCOM Report “Alarming rate of attrition in the industry”. The attrition rate in 2007 was about 50-55% which fell to 30% in 2008. The rate of attrition in the voice based BPO’s is around 20%. The annualised rate of attrition in BPO industry is 7.5% above the all India industrial employee turnover rate of 15.5%. The attrition rate in some of the leading indian BPO’s for the year 2009-2010 is
Herald Monis, This paper is based on an empirical study of five Indian and five foreign MNC BPO firms operating in India, ranked among the top 100 by the International Association of Outsourcing Professionals (IAOP) for the year 2009. The data was collected using both qualitative and quantitative methods from 243 employees of Indian MNCs and 163 employees of foreign MNCs who constitute 1 per cent of the population under study. The present study finds that, on an average, the level of satisfaction towards the career development practices is at 69.71 per cent and 69.82 per cent among the respondents of Indian and foreign MNC BPO firms respectively, both of which constitute ‘satisfied’ on our scale. Regression analysis, using a significance level of 5 per cent, shows that three of the variables, namely, the variables of ‘I have a clearly established career path’ (p=.001), ‘Viewing BPO sector as a long-term career option’ (p=.000) and ‘Having a dynamic career path is a must in order to retain the outstanding and highly-performing employees’ (p=.018) are significantly influencing the satisfaction of the respondents of Indian MNCs and two of the variables, namely, the variables of ‘I have a clearly established career path’ (p=.000) and ‘Having a dynamic career path is a must in order to retain the outstanding and highly-performing employees’ (p=.042) are significantly influencing the satisfaction of the respondents of foreign MNCs towards the career development practices and all the other variables have emerged as the insignificant variables. Interestingly, all the significant variables are positively associated with the satisfaction of the respondents and all the variables used in the present study collectively account for 38.9 per cent (R square = .389) and 41.5 per cent (R square = .415) of the satisfaction of the respondents of Indian and foreign MNC BPOs respectively towards the career development practices.

Hewitt reported in 2006 that 37% of US companies acknowledged recruiting and retention challenges (Proquest, “How bad”, 2007). Kishore Rao, Executive Director, 3 M India (2007) expressed that attrition rate in manufacturing sector is much lower compared to IT, BPO which is at an average of 50%
Henri, B. (2010), in his article titled as “Employee is the king, Exploring various issues and challenges of BPO companies”, opinioned that- India has turned into a hot destination for globe due to the availability of large amount of cheap but skilled manpower. However, the flip side of the industry is battling, labour attrition seems to be the one that has been affecting the industry the most. In the world of consumerism “customer is the king” where as in the BPO industry “employee is a kind”. The present study is focussed on various issues relating to employee satisfaction and retention in the highly competitive and young industry. The study is to understand employees and employer that helps to reduce the attrition rate.

Ramnath, R., and Shetty, k. (2011), in their article titled as “Attrition in the Indian BPO industry” A big challenge” concluded as- Business process outsourcing has become a critical agenda for many multinationals in this era of globalization. India is known for the comparative advantage that it has in the engineering of software and is emerging as the worlds, support centre for (ITES). This is, primarily, on account of low labour cost and strategic location advantage. The Indian BPO industry is increasingly perceived as facing major challenge in retaining employees. To remain the leader in global outsourcing (off shoring), service providers must work both at the micro and macro levels to manage attrition and other ills of the industry to ensure that the country may retain its share of business. Inspite of, having the geographical advantage and wide range of manpower, the attrition rate in BPO industry always seems to be on the rise. An industry which was once termed as the future of India is now being labelled as an Industry looking to cause a brain drain in the youths. The term ‘attrition’ means a reduction in the no. of employees through retirement, resignation or death. The biggest challenge for the BPO industries today is undoubtedly, ATTRITION!!

S.S Patil- “HR issues in the ITES and BPO industries” there are challenges which HR department across the industry phases despite is so many benefits provided by the employer-

1. Development of soft skills
2. Inter BPO poaching
3. The supply vs demand gap
4. Development of effective at the same time competitive recruitment and retention strategies.
S.Joshi, Many studies and surveys point to the following reasons to employee retention in the industry-

1. Lack of growth opportunity/ Lack of growth.
2. For higher education.
3. Misguidance by the company.
4. Policies and procedures are not conducive.
5. No personal life.
6. Physical strain.
7. Poor brand equity or the low social image.
8. For higher salary.
9. Uneasy relationship with peers or managers.
10. Unscheduled work hours.
11. Talent in this industry is generally overlooked.
12. People join this industry to make a fast buck and leave sooner or later once they find something more attractive and tempting offerin their way.

Srinivas R.Kandula, HRD should be aware of HR issues. The management has to recognise the important role of Human Resource Department in order to successfully steer organizations towards profitability. This is necessary for the management to invest considerable time and amount, to learn the changing scenario of the HR Department in the 21st century. In order to survive the competition and be in the race, HR department should consciously update itself with the transformation in HR and be aware of the HR issues cropping up. With high attrition rates, poaching strategies of competitors, there is a huge shortage of skilled employees and hence, a company’s HR activities play a vital role in combating this crisis. Suitable HR policies that would lead to the achievement of the organization as well as the individual’s goals should be formulated. HR managers have to manage all the challenges that they would face from recruiting employees, to train them, and then developing strategies for retaining them and building up an effective career management system for them. Just taking care of the employees would not be enough; new HR initiatives should also focus on the quality needs, customer orientation, productivity and stress, team work and leadership building. HR issues in various industries like financial services, IT, power, Health care are becoming
important. HR managers play an important role in every organization. Hence it is important to build up effective HR strategies to combat HR issues arising in 21st century.

Rajeesh Viswanathan, Acquisition of new employees and training them to organization expectations is a herculean task. But the challenge lies in retention of that employee. Management tries various strategies on the base of other organizations best practices, but most of it fails. Organization implement good employment practices to retain an employee on the basis of their potential and positions but it's felt that more important than this is to design schemes on the basis of demography of the employee and thereby create work life balance which in turn would facilitate retention of the employees.

Conducive environment makes employee feel at home. Organization that paves way for such relationship facilitates to enhance employee commitment towards the organization. Once, an employee’s mind set is nurtured this way, it would make the retention process easier.

R. Raman - The distinct features of the BPO industry and its employees are the following:

1. when the rest of the people sleeps this sector works.
2. People join ITES and BPO sector very rashly as the entry level qualifications are not well regulated by the industry which requires a bit of rethinking and restructuring.
3. Pre job training has no standard curriculum which needs to be more firm and rigid.
   Expectations for some companies which impart a short term training program especially in voice based customer service.
4. The industry has no benchmarks to look for compensation and other benefits. Each one follows its own course without knowing its implications in long term aspects but all parameters in existence are for short term applications.
5. Customer or client companies demand more than what their own departments could achieve.
6. The majority of work force of the sector is in the age group of 20-30 years.
7. The industry does not enjoy high brand equity because of improper goal settings leading to instability in the industry.
8. The employees are called the gold collared workers may due to the work environment offered to them.
9. Despite of all these benchmarks this sector is highly unorganised one and needs to be carefully studied by experts.

Samir Joshi, Challenges with HR department across the industry deals with are:-

1. Alarming rate of attrition in the industry
2. Inter BPO poaching is very high.
3. Low social status to the employees. The public perception of BPO employees is that they do not get jobs anywhere else, it cannot be a long term career option for an employee and this industry promotes western culture at the cost of neglecting Indian values.
4. High cost of recruitment, training and retention of employees to ensure right people are selected; selected people are made suitable for the processes and motivated to be loyal to the organization fairly for the long period.

Of the above challenges it is the attrition which is the real challenge as the other issues are only adding to the problem of attrition.

S. Mohan and Dr. P. R. Muthuswamy, India is considered as hub for outsourcing and we can find as many BPOs on the Indian soil as compared to any other nations. Today, Indian BPO and ITES are witnessing attrition at large-scale and retention has become a difficult task. We can also term it as a talent crunch in the industry. The industry is feeling heat and challenge to retain the talent in the organizations. The most critical and delicate situation is to withhold the best talent in the organization. Many reputed employers in the industry have undergone this crunch of talent retention. The sector is contributing a lot to Indian economy and also creating employment opportunity especially to the youth and hence the perception of youth towards the sector is found to be positive. The BPO/ITES sector is always placed on top whenever we take the word the ‘attrition’. Thus, an attempt has been made by the researcher through this present research to study the Employees Retention in BPO sector with Special Reference to Coimbatore City.

N. Bharathi and Dr. P. Paramashivaiah (2015), Attrition is defined as a reduction in the number of employees through retirement, resignation or death and attrition rate is defined as the rate of shrinkage in size or number. Attrition in the BPO industry is twofold. One part of the attrition is where the employee leaves the industry entirely. The
other section of attrition is where the employee joins another firm in the industry. Both the sections have separate reasons which need to be identified. Most research has been focusing on attrition issues and antecedents besides consequences. However, the research has not been extended to ascertain behavioural intentions of employees based on the impact of various factors determinants. This research fosters a holistic view. This research will focus on employee integration and maintenance which is key to HR Return on Investment.

BhaveshUpadhyay (2015), every organization has its own performance appraisal system which is based on the achieving organizational goals. Its purely depends on the management and human resource manager to follow which route and how it will be creating win win situations for an employee or employer. It helps the HRM in creating Employee satisfactions which helps in employee retention.

Varieties of methods have been followed by different organizations like-

1. Critical incident method
2. Weighted checklist
3. Graph rating scales
4. Performance ranking method
5. Management by objectives
6. 360 degree performance appraisal

**calculation of attrition rate**

HR professionals are requested not to drive their own formulas to calculate attrition rate. In terms of no. attrition rate means

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\text{Attrition rate} = \frac{\text{Total no. of resignations per month (voluntary or forced)}}{\text{(Total no. of employees at the beginning of the month)+ (Total no. of new joiners)-(Total no. of resignations)}}
\]
March and Simon proposed theory of organizational equilibrium in theorizing that individual decisions to quit are determined by their ease and desirability of movement. Job satisfaction and employees perceived alternative opportunities were recognized as key concepts.

Mohan Thite and Bob Russell, The literature on call centers often highlights the centrality of HR in stemming employee attrition but is mainly grounded in the realities of in-house call centers in the western economies. In this empirical study of four large Indian call centers we examine specific aspects of HR practice for their effect on retention in the very different context of Indian labor markets. The relationship between HR practices and the realities of the call-centre labor processes operating within a buoyant labor market that offers plentiful job alternatives are explored. The findings suggest that the contribution of HR to employee retention is a necessary but not sufficient condition for retention in the context of Indian call centers.

Lee and Mitchell brought out that the decisions of employees might not be rational or ordered, and could result from organizational “shocks” and shocks can be expected, unexpected and may have positive, neutral and negative effects. Ex, Passed over on promotion, transfer to remote locations…etc,