

## EARLY ATTRITION: CAUSE OF CONCERN FOR HUMAN RESOURCES

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### **Abstract**

The BPO industry in India has become a growth engine for the economy. It has achieved staggering growth in the last 10 years of its operation, adding 5 million jobs and USD 15 billion in its revenue.

5 million jobs naturally imply that 5 million people are working in some capacity or the other for the industry. This makes the job of HR all the more demanding, and important. Human resource is responsible not just for procuring the right kind of people for the right jobs, it also makes sure that these people stay with the company, and, during their stay contribute optimally to the company's development. Although, in a BPO, it is relatively simple to lay down the technical qualifications of the job, the channel through which people with such qualification can come to the company, and the manner in which these aspirants can be evaluated.

The job of the HR manager does not stop after recruitment and selection. The manager needs to make sure that the employees are working in accordance to the goals of the organisation. An employee gives his full commitment to the organisation only when he is satisfied with the organisation, and feels that the organisation values his work and commitment. Employee engagement is the most important asset of any organisation. With low level of employee engagement and motivation, there arises the problem of "early attrition", which is a major threat to the organisations where human capital is the major resource. Though, a healthy attrition rate in

any industry is necessary for new ideas and innovation to flow in as well as to facilitate the overall growth of the industry in terms of knowledge sharing. However, if employees are quitting within six months, shortly after their on-the-job training is satisfactorily completed, then the writing on the wall is clear. There is a problem. The least your HR policies should achieve is that they should give employees enough reasons to continue with the organisation, at least, till the time their career graph dictates that their professional growth is possible within their current organisation.

This case deals with the various nuances of this industry in the Indian environment.

The high attrition rate in the industry is primarily due to the restricted career options or growth opportunities for the youngsters. Fear of stagnation is a major factor that forces the employees to quit the industry. While some leave their career mid-way in pursuit of higher education, others are drawn in by the higher pay packages offered elsewhere. The new entrants into the BPO sector, who are consistently on the lookout for trained youngsters, offer higher remuneration. With the employees moving to other jobs in less than a year, the industry has to confront the gnawing problem of attrition.

*Key words: Attrition, Recruitment, Relocation, Human Resources*

## Case Study :

### Early Attrition: Cause of Concern for Human Resources

Rubina was in a particularly chirpy mood today. As she sipped her coffee and reviewed the performance appraisal one of her employee's who had joined the company just six months prior, Sharanya, what she saw was a capable employee. Sharanya had been a quick learner, a dedicated worker and a cheerful team player. Not only was she usually upbeat about every new assignment but was also quick with a laugh. And when going got tough, she could easily lighten up the mood of her entire team with a joke. Now, this was an ideal employee. A rare talent in times of high attrition. Sharanya had just been transferred to Location 2 (a location which is quite far from the city).

GP international services limited is a well established BPO in the country. It traces its beginning to 1999 and has managed to place itself among the top 7 BPO's of the country in a span of 10 years. They manage over 2700 processes for over 270 clients from a diversity of industries. They have a highly motivated and passionate talent pool with one of the lowest attrition rate in the industry. The customers do compliment them by saying that their people are outstanding and effectively work as a part of the client's team. The company had established its operation in the city of Jaipur in 2005, since then the company is the largest BPO in the state. It has over 3500

employees in the city with two areas of operations in the same city. The company has managed to keep away the competitors from entering the city. Their monopoly in the city has helped them build their image and control their attrition rates.

GP International had signed up a couple of new projects and needed more employees. Who better to handle than a young bright employee like Sharanya? Rubina was particularly pleased with herself for having been able to train such promising employees. However, her happiness was short-lived. A visibly upset Sharanya walked into her office and sat down.

"I have to talk about something. Do you have 15 minutes?" she timidly asked.

"Of course, dear. Can I help you?" asked a concerned Rubina. She had a nagging feeling that she knew what was about to come. In the past few months, she had too many of these conversations with many people to misread the expression that Sharanya had.

"I have decided to quit. I am here to give you my resignation letter." declared Sharanya, confirming Rubina's fears.

"But, why? You have just been transferred to a new office. Aren't you excited about the opportunities that await you there?"

"Don't get me wrong. I had really begun to enjoy the work, over here. And I know how valuable this organization can be to my career. But, really, I have to look at several other things. I have my studies and my social life. Even if I were to accept the comparatively low salary as a part of my first job, I would still want to have enough time after office to do other things. And, after being transferred to Location 2, I won't even have that. The commute will take up so much of my time that I'll have to give up my hobby classes. And my studies will suffer too. I don't think I can give so much of my time." explained Sharanya.

"Aren't you being a tad impulsive? It's simply a part of your job. We have enough people in Location 1, we really need new and capable people like you in Location 2." said Rubina, hoping that she didn't sound as frustrated as she felt.

"No. This isn't impulsive. This is a hard job, ma'am. It really does place a lot of demands on us. And, to be able to deliver we really need to have sometime time for ourselves after work hours. Cutting down on that time is simply not an option. I know for a fact that I won't be able to perform there." indignantly answered Sharanya.

"Okay. Okay!" sighed Rubina. "There is one last thing I want to ask you on a personal level."  
"Yes, of course."

"Do you have any other job offers?"

"No, not yet. But, to be honest, I will keep trying. And, if I can't find anything, I'll just pack my bags and move to Gurgaon. I mean if I can't find a decent job near my home, then why just

commute to Location 2. Why not move to the adjacent town and take up a job that pays a lot better." said Sharanya with a rueful smile.

"I find it tough to argue with you, right now. Can I ask you a personal favour? Will you put off your resignation for a week? I really want to take up this matter with boss."

"I don't really see how that will make any difference. But, that's really nice of you. Of course, I'll wait."

"Thanks dear."

"I'll take your leave now. Thanks"

"See you."

She knew she should have ideally just accepted the resignation. You don't go out of your way to retain an employee who had joined just 6 months before. But, then it wasn't just about Sharanya now. She was the sixth person in one month to walk in Rubina's office with the exact same agenda and the exact same reason. This just had to be dealt with. She immediately called up boss and took an appointment just before lunch.

"Hi. How are you, today? You said it was an urgent matter?" asked Rubina's a boss, Sandipan Saxena, as soon as stepped in his office.

"Good afternoon sir. I am not good at all. And, this is an urgent matter." replied Rubina grimly.

"What's it?"

"It's this attrition issue."

"Aah. That's a rather old thorn in our side, isn't it?" smiled Saxena. But, Rubina noticed that he did sit up, and although he was talking casually, like her he understood fully well the very grave dangers of such shockingly high attrition rates.

"I've lost five people in one month!" exclaimed Rubina.

"That's extremely high Rubina, compared to our existing attrition numbers.

"Yes. I completely understand that. This is the reason why I've come to you. We've been beating around the bush for long. We've had researches and presentations and discussions and more studies and discussions, and presentation and then some more discussion. I strongly feel we need to take some action, now."

"Relax. You can't take this personally."

"Yes. I am sorry. It's just that it's been very hard. Hiring new people is frankly not a problem. But, to train them make them work effectively takes time, effort and resources. And, it seems I've been training people forever without really getting any results. I do not remember when was the last time I had a team that had a collective experience exceeding one year. In fact, I'll be lucky if I can keep together team members for six months."

"Yes, it has been very taxing on you. I agree. But, I want you to know that in spite of the frequent resignations, your team has always done remarkably well."

"Thanks. But, it has been a day to day struggle. It's difficult to plan ahead if you don't have a team that you can rely on for handling every day tasks. All of us lose initiative when we are so caught up in just getting the job at hand done anyhow, in spite of our reducing numbers and firefighting all the time."

"Yes. I understand. We must do something about this. Do you have any suggestions?"

"Yes!! Many, to begin with, the absolutely first thing we must do is involve them in the decision of transferring them to Location 2. All of these five people left because they were transferred to Location 2 and they just couldn't accept that."

"But, don't you think that is a little juvenile? If we need people at Location 2, then we do. It's a company decision."

"These are company employees, Sandipan. We need them with the company. Whether more in Location 2 or at Location 1, that, frankly is a secondary issue."

"So, you are suggesting they should be asked before the transfer? But, then nobody would volunteer for a transfer."

"They will if we make it worth their while."

"How do you suggest we do that?"

"Of the top of my head, we could give them a nominal raise to make up for the time they lose in the long commute."

"But, we can just provide the means of commute, like we are doing."

"No. Time is valuable too. My team member, the latest to tender her resignation made a good point today. The only reason most of them work with us is that they wish to live in their hometown. However, if we take them away from the city, then they lose that incentive. If they have to go so far away from home every day, then why won't they go away all together to say Gurgaon for a job that pays better."

"Hmm. So you suggest a raise. What else?"

"Secondly, we could give that office a little extra service. We have a canteen and gym etc. Why not hire a gym instructor too? And maybe arrange for some hobby classes too, where they could stop by before coming back to Jaipur. This way they will not miss out on the fun side of life."

"That sounds very doable. What else?"

"We could also go through the numerous reviews we keep getting done. Some rather brilliant ideas lie forgotten in those reports."

"When do you suggest we do that?"

"I think within a week we can easily analyse the issue and begin implementing solutions. We need to take this up as a high priority issue. I don't understand why we keep ignoring it."

"Ok. I will try to swing an all department meeting with just this agenda: bring down attrition. In fact we'll keep the Location 2 transfers on the top of our issues to be discussed list."

"Thank you. I will see you in the meeting then?"

"Yes, of course. Have a good day till then. And cheer up, we will deal with this!"

"I am sure we will. It's not like we have much of a choice." laughed Rubina, feeling much relieved.

Rubina left the cabin with some positive vibes that would help her deal with the issue.

But Rubina's sense of relief couldn't last long, as the "early attrition" trauma was a disease that had affected each member of the department. Team leaders were often seen to be discussing the issue of attrition formally and informally.

"What the hell is wrong with this new generation? All they want is to make a quick buck. The minute you think you've finally trained someone to do a decent job, they just resign and walk out," growled a visibly upset Sanjay Goswami as he sat down to join the HR manager Preeti and Finance manager Faiz Yousouf on their table at cafeteria.

This coffee break had been a long-standing ritual with this trio. Every day at 2.30pm, they took a break, got together and talked about their day. Lately, their conversation increasingly revolved around the young just-out-of-training employees who were handing in their resignations more and more often. No rival firm had arrived in the city, no signs of poaching and the company too had a stable future, and then why were these young people throwing away their jobs and walking out. Was it just what Sanjay remarked--they were all just lazy folks who wanted a quick buck, or did the problem lie with the company?

"It's not that they just seem to lose interest in their jobs really fast," pointed out Preeti as she pensively stirred sugar in her coffee. "It's almost like they didn't know what they were getting into. As if what they saw was just not what they were promised."

"What is that supposed to mean? We brief them at the time of hiring, don't we?" Sanjay shot back indignantly.

"But, we don't really go into the minute details, do we? We give them a basic job description with a glowing account of their perks. But, do we explain to them how things really work? How will their work hours be handled?"

"Don't they do some research before coming in. Do we have to spoon-feed every little thing?"

"Yeah!!! I mean they are people. We need them to work for us. We shouldn't treat them like customers to whom we want to sell something anyhow. These are people whom we want should dedicate a good number of years of their work life to the company."

"You know, Preeti does have a point, piped up Faiz who had been quiet uptil now." "We do kind of try to make just a quick sell. The thing is if we don't explain to them the actual long-term benefits of their job, exactly how it will help them grow in their careers. Or, they would just react to what they see right? Long-working hours and relatively low pay, and then obviously they would walk out because of sheer exhaustion"

"Thanks. That's exactly my point. And you know sometimes it's really the apparently small things like the other day Rashmi handed her resignation just because of her sudden transfer to Location 2," said Preeti.

"Oh yes. I've had a couple of such resignations too. Frankly, even I wouldn't exactly love it if I got placed in another corner of town all of a sudden" smiled Sanjay who had begun to loosen up.

"Yes". And that's you, someone with better perks and salary. Now, think of them. Going all the way to Location 2 and back does take a toll both on their pocket and time. And if they happen to be from out of the city then it becomes even harder for them to handle the time-consuming commute," argued Preeti.

"Hmm. So what you are saying is first, we don't clearly tell them what they are getting into. And, once they are in office and are doing a decent work with their jobs, we don't make sure that they are left at peace to do it well," summed up Faiz.

"You certainly don't mince words, do you?" laughed Preeti. "Jokes apart, I think we must also admit it's not just the packaging that's not right, we don't really have much to offer beneath the wrapping as well. I mean even if we fully explained to them the nature of their departments and process, we will have to admit their jobs here won't exactly lead them much ahead. The growth opportunity is kind of limited."

"So, are you saying we have no choice but to accept this rampant attrition?" asked Sanjay.

"I am saying there are no permanent quick-fixes. We could begin being more honest at the time of hiring. We could make sure, that they don't get transferred without a real good reason and the

ones who come from other cities get decent accommodation and enjoy the city. But, if we don't come up with real growth opportunities for our people, then no matter how dedicated they are after reaching a point in their learning curve they will be forced to quit for their own good," answered Preeti.

This was the issue that had been staring at them in the face, all this time. An issue that had been happily ignored till now because no matter how many people quit, there were always more lining up for interviews. But, how long would that last? As long as competition doesn't arrive? And when it does arrive, to which organisation would the talented and experienced HR turn? The one that offers fresh growth or the one that seems to have built a reputation of not being able to retain its employees for long!

The issue certainly demands some serious thought..... and action.

Sandipan came through. And, the emergency meeting did take place. Although most of the Heads of Departments and team leaders agreed that attrition was an urgent issue that needed instant redressal, some did think this issue was being simply blown out of all proportions, this was simply the age old phenomenon of the 'survival of the fittest'. The weak, uncompetitive and insincere were quitting the company and only the high performing employees were staying on.

Sandipan Saxena introduced the meeting's agenda: "So, basically, we all know why we are here. It's the high attrition rate. People are quitting the organisation more and more often, and they are leaving us quite fast, that too right after they have finally become trained enough to be fully effective at their work. Training people is a big job, as each individual has different levels of understanding and to get them at the same level requires a lot of effort. Also the cost of training each employee plays an important role. We can't anymore afford training a new batch of employees every month. The return on the cost incurred on training is absolutely nil now with the early attrition eating it all up.

We all know the reasons and most of us are familiar with the numerous suggestions that have been floating around for quitesome time now. Today, I propose we hammer out an action plan to lower this rate."

Preeti piped up in Sandipan's support. "I completely agree with Sandipan. This matter has gone on for too long. I hope we all at least agree on the fact that this is indeed a problem? Do we?"

Trishanku Sahai (one of the team leaders) spoke up. "I kind of don't. See, I know all about the numerous reviews and report we've been churning out on this subject. But, I think these numbers have not been analysed properly enough. We have all focused on the number of people who have quit. Have we actually compared the performance appraisals of the quitters with the ones who have stayed on? I am just saying that there is possibility that it's just the non-performers who resigned. They just don't have what it takes. It's as simple as that."

Faiz replied. "It's never as simple as that. I agree non-performers quit. And in a way it is good for the organization if the non-performers leave the organization. But, this cannot be justified to the high rate of attrition. We also have the high performers leaving the organization. Also, if we are



hiring such a big number of the so-called non-performers then something must be drastically wrong with our hiring process."

Faiz's reply seemed to put things in a better perspective for most. The air seemed to have cleared up and the executives nodded in agreement that we should indeed learn to value performers more.

Sandipan took advantage of the moment and spoke up once again, "So, perhaps we should now move on to deciding the reasons for attrition? I have recognised one major reason. That's the unexplained transfer to Location 2 centre. Does anyone want to bring up something else?"

Sanjay came up with a reason. "A lot of these youngsters leave for higher studies. They wish to do a MBA or pursue higher education."

Preeti nodded vehemently in agreement. "Yes. A lot of them begin to think that their jobs with us have come to a dead end and for further growth they will have to either move to a bigger city and new job, or pursue higher studies."

Swami. "But, to correct that. We have come up with so many options of allowing our employees to continue their education along with work. We have tie-ups with the best institutes of the nation. We allow them to do long distance MBA. What more can we do?"

Preeti seemed to have a ready reply with her. "It's not enough. What we offer them is not enough. Does a long-distance MBA count as much as a regular one, if you take into account the salary package the two post graduates are offered on completion. And more often than not the campus placement gives us candidates who are just not sure of their future. They don't know what they are getting into. They hope they will make a quick buck. But, after a point they see the long term benefits of making a career, rather than just money, and they leave."

Faiz once again cut in. "So, what I guess Preeti is trying to say is that although we offer our employees education options, they are not nearly as good as the ones they can avail outside the organisation. And secondly, even career-wise we don't offer our employees long-term growth."

Preeti nodded again. "Yes. That's pretty much it."

Sandipan sighed and summed up. "Ok, so we have unexplained transfers and poor career growth. Wow. That's quite a handful. Anything else?"

Sanjay smiled and said. "Well, there is also thing called too much work and too less perks. Umm. apparently we just don't give them the kind of job experience we promise at the time of hiring."

Manav Chauhan who had been quite till now, spoke up. "We give them the basic picture. But, what do they really expect from the job? We're basically a BPO and it should be easy enough to research our style of working."

"I used to think so too. But, see, it's simply a matter of honest dealing. If you promise something to your employees, you deliver. After all they are not just some consumers to whom you are trying to make a quick sell," replied Sanjay, remembering his earlier conversation with Preeti and Faiz.

Preeti then stated the obvious. "So, basically a huge chunk of problem lies with our hiring process. Like Faiz had said earlier, firstly, we shouldn't be hiring so many of the so-called non-performers. Secondly, we should certainly not be pulling in candidates with rosy promises and half-truths" she frankly declared.

Sandipan once again took on the responsibility of summing up the discussion for everyone. "Finally, I think we have this: One. We shouldn't transfer our employees to another centre without their consent. Two. We need to offer them better career growth. Three. We need to revamp our hiring process. And, a fourth point that I'd like to add is that we could go a step ahead and offer them little perks which will help boost morale of people who are on the verge of quitting."

Preeti agreed. "I agree with you," she said. "But, now for the million dollar question--- how do we sort this out?"

Faiz answered. "You know the answer is a lot simpler than we think. First for the Location 2 issue, we involve employees in the discussion. And, if in spite of all the discussions and perks, nothing works out, then we find a way to handle Location 2 work from here. Because, at the end of the day, it's the Human Resource that matters more."

Preeti cut in this time. "And, I've a plan about the second issue. Limited career growth. We have the advantage of being a huge company. We can afford to give someone a life long career. We just need to make these opportunities more accessible, more open, more visible and transparent. So that people can work towards growth. About education, we simply have to offer them options that would stand them in good stead even if they move on from the company," she briefly stated the plan she had been working for quite some time now.

"The hiring process? What about that?" quizzed Sanjay.

"You answered it yourself. We become more honest to our candidates. We must not treat them like clients, the more we can win over, the better. No, we have to focus on the quality of people we take on rather than the number of people we hire. And, we should also raise our standards so that we avoid the ones who just don't have the basic skill for their jobs," answered Preeti.

"Ok, so that leaves out the last point of perks. For this I suggest, we simply implement best 10 of the employee feedback suggestions that HR has compiled," smiled Sandipan. "Also, I'd like to make a task force of Preeti, Faiz and Sanjay. You seem to have a grip on situation. So, I suggest you now take responsibility to implement whatever solution we've been able to sketch out today."

With a rather ambitious resolve, the meeting dissolved. The fine-tuning of rough solutions sketched out was left in the capable and eager hands of the trio of Faiz, Preeti and Sanjay.

### Teaching Notes

The problem of losing funds in employee acquisition is prominent in the BPO segment. Companies invest a lot of time and money in training a candidate for the first four months. But these investments do not always get converted into actual profits. In the BPO industry, recruitment of an employee is more than Rs. 5000/-. Other than the direct cost, an associated cost of training and administrative service is also involved. Each agent works is non-productive or partly productive in the organization for nearly the first 2-3 months. Hence an employee leaving the organization within the first 6 months is a bad investment for the company. Also, the cost of attrition in the industry is 1.5 times the annual salary.

That said, there is one fundamental flaw in the way industry is structured. It is a gap filler occupation. The industry has been mainly dependent on youngsters who are taking out time to work, making money in the process also while thinking of career alternatives. Hence for this group BPO is never a long term career but only as a part time job. The easy availability of BPO jobs is only a source of easy money till the time there is no other source of funding. Also the unfriendly working conditions, late night work shifts, high tension jobs acts as a deterrent for people to stick to this industry for long time.

Attrition is defined as a reduction in the number of employees and attrition rate is defined as the rate of shrinkage in size or number. Attrition of employees in a limited measure is desirable for influx of new ideas in any type of organization. It helps organizations to maintain their agility in fast changing environment. It brings in new blood, opens up new vistas for change, development and improvement, shows avenues to expand operations and add to the creative lines of the organizations. Attrition in a limited measure can thus bring gains to the organization. However if attrition increases beyond a certain level, the gains are transformed into pains.

How do we ensure that the rates do not further increase ? How do we convert BPO into a 'long-term' career option for freshers and experienced executives? The answer to these question is the pressing need of the hour.