Emerging HR Issues in the Indian BPO Industry

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Abstract

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.

The BPO, though not a new concept, has gain credibility in recent times. With "Lean" and agile corporations becoming the need of the hour, BPO offer a viable alternative to traditional processes. A review of the existing literature was done to gain insight into the working a landscape of BPO industry in India. Business Process Outsourcing (BPO) is a broad term referring to outsourcing in all fields. A BPO differentiates itself by either putting in new technology or applying existing technology in a new way to improve a process. Business process outsourcing is the delegation of one or more IT-intensive business processes to external provider that in turn owns, administers and manages the selected processes based on defined and measurable performance criteria. BPO is one of the fastest growing segments of Information Technology Enabled Services (ITES) industry in India.

Sireesha Manidenna in her article, "BPO: A snapshot through the lens of HRM" says that employees are the mainstay and the 'Be All and the End All' of the BPO's. The very nature of this sector makes its productivity dependent on the captive manpower and eventually on the HR activities'. **Anandan Pillai** in his study argues, "The India BPO industry has attracted [1] the World's attention by its wonderful performance. Unfortunately the boom of the industry is blurring due to the presence of some issues in HRM". **Prof. Khosla** in his article, "HR issues in the BPO industry" opines "With BPO industry growing at such a fast pace and at such an extent, the HR professionals need to take steps to ensure satisfaction and better performance from employees."

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The Changing face of the BPO Sector

What began as a support structure has now matured. Outsourcing is no longer restricted to voice business, customer service, payroll management and back office operations. Niche players emerged offering high end solutions such as new product development, R&D, clinical research and customized solutions. These are the processes that have strategic bearing on companies. Cost savings and improved operational performance drew the corporate world to make this fad an enduring trend.The BPO industry stepped into India with the entry of captive units of GE, American Express, HSBC, etc. in 1992. Since then, the big boom the BPO industry in 2003 has generated a lot employment opportunities and continues even today. Nevertheless, Indian BPO sector is facing competition from countries like Philippines, Mexico, Malaysia, China and Canada. India has an edge over other countries as we consider the following : Tech Savvy Professionals, Cost Effectiveness, Superior Competency, Business Risk Mitigation, 24 Hour Service, Economy of Scale.

The Present Landscape

The metro hubs like Gurgaon, Delhi, Noida, Bangalore, Chennai and Mumbai have seen saturation in terms of further growth due to sky high prices in real estate and transportation sectors. As such the concept of expanding to Tier-II cities like Chandigarh – Mohali, Nagpur, Pune, Nasik, Jaipur, Mysore, Kochi etc. across country is gaining currency. Moreover, the availability of people with modern payments in systems of salaries is luring the BPO vendors to focus on those cities. Even the infrastructural facilities that stand out at satisfactory levels in the non-metros also point the need for relocating the BPO's for achieving 'level playing field' in the development of count.

But as statistics point out, all is not hunky – dory the blue-eyed BPO's. The employers complain a high rate of attrition, lack of motivation, health and stress issues etc. all of which raise serious concerns about the future of this sector. As such an examination of their functioning from HR perspective is necessary.

A Snapshot of Present Environment
- According to National Association of Software Services Companies (NASSCOM) the Indian IT industry body that promotes off shoring services, the present employee turnover rate in the Indian BPO market is 45 – 50% for voice based processes and 15-20% for non-voice processes.

- The work routine is dehumanizing and is devoid of any opportunity for the work force to use their thinking and creative talents. This robotized work environment compels many workers to leave the dull and uninteresting jobs and search for exciting career options.

- There is a growing concern that BPO's are spawning a generation of youngsters who stop growing mentally in their early 20's itself.

Reasons for Joining BPO's
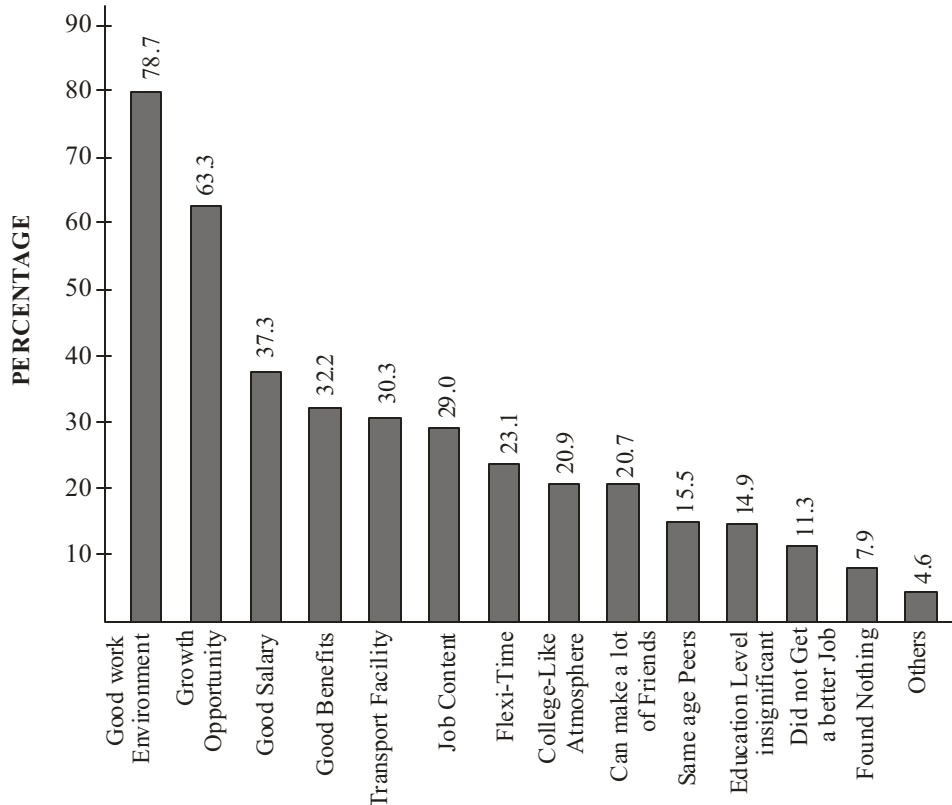
Source : www.iseva.com

The figure shows that the main reason for youngsters behind joining BPO's is the allure of working in a well furnished office equipped with all the modern amenities. The choice is influenced more by interest than by need.

**Human Resources are the Lifeline of BPO companies**

The majority of the workforce in the BPO industry is young, literate and dynamic. The repeat emphasis on people logically highlights the importance of HR and related issues in the BPO sector. The HRM continues to be the "nerve centre" in outsourcing organization and plays a strategic role in their functioning. Organizations that have not yet paid adequate attention to HRM will necessarily have to redefine their HR Philosophy to stay competitive and survive in the cut throat business environment. In the manufacturing sector, contribution of an employee

is impersonal in the sense that the employee skill is manifested in the quality of a product, on the other hand, in a services sector like BPO firms, the employees bring to the table his skill and attitude, and for a customer it is difficult to distinguish the intangible service from the employee who renders that service.

Therefore, the BPO organizations understand the importance of creating a different relation with the employees. They know that their survival and growth as such depends on employees being treated well and feeling appreciated, which in turn promotes them to render impeccable customer-service. Jack Welch, the celebrated CEO of GE says, "the best companies now know without a doubt where productivity – real and limitless comes from. It comes from challenged empowered excited rewarded teams of people." The value of inspired employees has been clearly established, especially in the outsourcing organisations and the longstanding notion that employees must adapt to the workplace has been challenged and is now being replaced with the belief that the workplace should adapt to the employees, because of which talent management has become an important corporate strategy. BPO's realize that their best competitive advantage is the pool of human talent they possess. It is their best insurance in the 21st Century.

Thus, the evolution of HR as a management discipline has been deeply anchored and aligned to the business environment where the BPO firms have been operating. The evolution has, of course, underscored an important point that employee management is at the heart of healthy growth of these outsourcing units. Though organizations have realized this fundamental dimension, although slowly, the present environment raises a lot of HR concerns. The figure below presents the reasons behind the high attrition rate of employees in the BPO industry. It can be seen that search for greener pastures and a lack of personal space are the prominent reasons for people leaving the BPO's. This throws a big challenge for the HR professionals to devise better and efficient manpower practices.

Reasons for Leaving BPO's
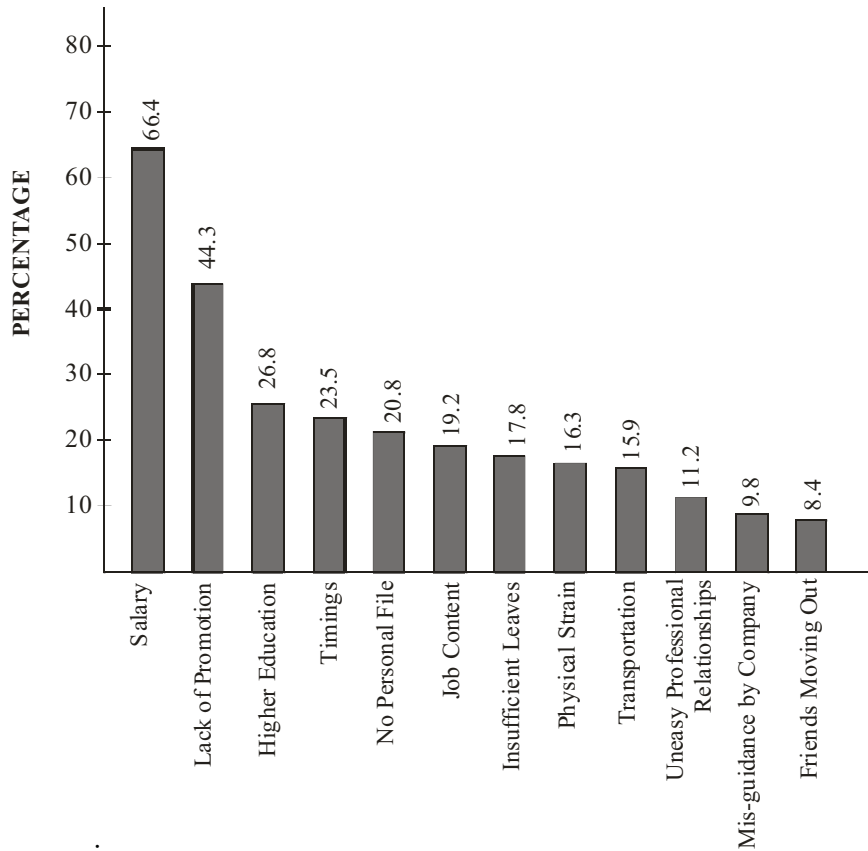
Source : www.iseva-com

HR Challenges in the BPO Industry

The burgeoning BPO industry has given rise to crucial questions and doubts regarding the human resources employed with them. Moreover, the nature and timing of work in these outsourcing units have given rise to certain issues which are of extreme interest to the HR specialists. In context of this ever increasing debate, an attempt has been made to highlight the core HR issues that arise in BPO.

Stress : Mental Health of Stake

Stress is a dynamic condition in which the individual is confronted with an opportunity, constraint or demand, related to what he/she desires and for which the outcome is perceived to be both uncertain and important. It is beyond doubt that most of the employees in this industry report on stress for their jobs. The monotonous and repetitive nature of job makes stress a

persistent factor in the work setting of BPO employees.

This issue is of extreme importantce as it is the stress that adds up to various human as well as work related problems in organizations. There is emerging evidence that in some situations an organization can be held legally liable for the emotional and physical impact of stress on employees. Thus, stress management of employees is one of the core challenges confronting HR managers.

Attrition : The Harsh Reality

Attrition or turnover refers to the voluntary or involuntary permanent withdrawal from the organization. A BPO survey by Indo-American Chamber of Commerce and Ernst and Young quoted that attrition rate ranges between 40% and 25% between for voice and non-voice survey respectively, clearly indicating the gravity of the problem.

This high rate of turnover can be attributed to factors such as repetitive nature of work, frustration, lack of control and autonomy, limited career growth, night shifts or better scope in other industries. High turnover rate results in high recruitment, selection and training costs besides inconsistency in job performance and organizational output. Clearly, the statistics point out that the major problem plaguing Indian BPO industry and obstructing its smooth transition into the next phase is high attrition. Though the problem has been hovering for some time now, the steps taken to manage attrition are yet not yielding appropriate results because of the mismatch between the aspirations of the employees and the very nature of a BPO job. How to bring down this alarming trend by developing innovative strategies is a burning issue for the HR department of BPO's.

Health Issues: Imperative Side Effects of BPO Jobs

The inherent nature of the outsourcing jobs is such that the physical well-being of employee is at constant risk. Most of the BPOs function in different time-zones that are convenient for the outsourcing companies, thus making the working hours odd for the employees.

The major health problems are:

l   Sleeping disorder: Most common ailment as the BPO job disrupts the normal biological cycle.

l   Digestive system disorder: Sleeplessness and eating food supplied by external caterers.

l   Depression: Due to burnout and mental fatiguing.

l   Eyesight Problem: Continuous sitting in front of computer monitors.

ꟼ   Hearing disorder: Taking calls daily, sitting with head phones.

Thus, health deterioration is a common symptom seen in BPO employees. An unhealthy employee becomes more a liability than resource to the organization and with majority of workforce in BPO's being youngsters, an unhealthy route becomes more of a challenging problem. So, this emerging issue of catering to the physical well being of employees is catching as a major HR concern in a BPO. Yoga, mediation, training, recreational activities and other such initiatives being taken are an outcome of this issue being raised.

Absenteeism: Failure to Report to Work

It is defined as inability to turn up on the job or being consistently irregular for work. It can be because of many problems in organizations and at times be a result of various other problems in the organization. This again is an area of concern as absenteeism leads to loss of productivity, reducecd efficientcy and effectiveness in organizations and over burdens other employees. The workflow is disrupted and in the BPO's the work pressure is already so high that absenteeism directly disrupts day-to-day functioning. However, not as grave as the above issues, absenteeism too is an emerging challenge for HR managers since if not dealt properly in the initial stages can lead to serious consequences both for the employee as for well as the organization.

Targets: The Exploitative Number Game

The employees in BPO are set with various targets which have to be achieved in limited time. These targets could be attending particular number of calls within stipulated time, achieving sales, redressing target number of calls which may at times determine the performance of the employees. Extreme target orientation in jobs on day-to-day basis leads to frustration and continuous stress on the employee which leads to reduced level of interest and compromise in the quality of performance. Under the situations, where wrap up time is being monitored, and at the same time the customers need to be kept satisfied, the employees may undergo extreme pressures to achieve these two opposing target simultaneously.

Thus, targets simply intensify the stress produced by the quantity / quality debate. A moderate target setting is a pre-requisite for optimum performance by employees but a rigid target can adversely affect the output of the employee. For HR Managers in BPO a growing concern is to figure out the requisite target level that ensures maximum productivity while minimum pressure and burnout.

Broader HR Issues Concerning BPOs

The specific HR challenges examined above are very much a product of the system and need

to be seen through a macro viewpoint. In a BPO firm the culture and performance of the organization too are shaped by various HR activities that have their impact directly and indirectly on the employees.

Organizational Status : It's time for image making

A common man in India would hardly recognize the term "BPO" but he is well aware of the term "Call-Centers". Though it is improper resemblance, the society refrains the youngsters from establishing their career in this industry. The image of the organization in the eyes of the public and then the status associated with working in that organization has an adverse effect on the people staffing it. The identity associated with Genpact or a Wipro inadvertently contributes to lower turnover, when compared to other lesser known BPO's. So, a growing concern for HR department of BPO's is to create an image of fair players to attract talent.

Work Facilitation: A Revised Definition

A slew of organizational and job attributes facilitate or inhibit task performance in organizations. In BPO firms employees are stuck in their chairs for long hours and as such the environmental variables to a great extent affect their performance. Cramped cubicles with hardly any leg space, routine low end tasks bring in repetitiveness and boredom. So here an industry specific need arises. HR Managers are now increasing finding ways to provide variation, diversities and creativity within the job features. The new age emphasis on attractive milieu for doing job in shaping up a happy worker is an emerging concern in BPO's.

Career Advancement: The need to climb up the ladder

The biggest drawback with BPO jobs today is that many of them are seen as stop gap job and not real career opportunities. Currently youngsters perceive employment in a call center as a 'Career Launch Pad'. They take up these jobs at a young age to earn handsome pocket money but eventually end up in a stagnant state with no career growth opportunities. This is a big reason why many youngsters leave BPO's, to strike a balance between career and personal growth. Off late, this trend has been recognized by HR specialists and now almost every top BPO in the country is providing opportunities for employees to go forward in education through tie-ups with universities, all this to ensure that the employees do not reach career stagnation early on.

From the above discussion, it can be said that BPO industry has evolved from being peripheral player to strategic solutions provider to its clients. But no issue can be looked at in isolation. Every act or every trend is an outcome of the larger picture that encompasses many subtle changes.

Reality Check:

A chain of interview of employees and HR Managers at **Genpact, Jaipur** revealed various interesting findings on the topic in question. A brief summary of the findings in presented below.

l   Though majority of the employees agreed that stress and work pressure is high in their organization but they are happy with the stress management efforts of the HR department. Employees are provided with sports complex, Yoga-Meditation centre, and foreign language courses etc. to rejuvenate their minds. The HR Managers too seconded the stance saying that they are taking all possible stress to combat work stress in their employees.

l   Employees feel that achieving targets instills in them motivation for better performance and is not a major area of concern. HR Managers argued that the targets are kept at a moderate level assessing the capabilities of employees.

l   Genpact, being a brand organization in itself attrition rate is very low as compared to industry figures and the managers feel that various incentives and fringe benefits given to employees ensure retention. Employees were particularly happy with the tie-ups of Genpact with leading educational institutions in India like – ICFAI, that gives the ample opportunities for advancement.

l   HR Managers fully supported the notion of brand building especially for a BPO firm and stated that Genpact, undertakes various CSR activities by the virtue of which it is enjoying consistently high rankings in BPO sector.

l   The biggest issue for the employees was the unavailability of flexi-time working hours which sometimes leads to frustration. For HR Managers it was the training of youths in cities like Jaipur where majority is from rustic background and convincing the large female employees to work in night shifts.

Conclusion:

From the above article it can be concluded that the success of BPO's hinge on the competence of their human resources. The ever-changing dynamics of BPO industry have brought forth numerous HR issues in front of HR Managers to deal with:

l   The employees need to be trained not only in the basic skills required to perform their job but also in coping with other specific issues.

l   The HRM should establish clear career path for employees, clearly stating what levels of progress lay ahead and what path they can adopt.

l   Newer and innovative retention strategies are the need of the hour if attrition has to

be brought down.

In essence, we can say that BPO industry is in a continuous churn and great deals of changes are taking place in this sector. One can hazard a guess and safely say that BPO is a sunrise industry and it will be interesting to watch how it deals with the emerging challenges and make way towards success and glory.

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