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# Creating Competitive HR Vision for the Next Generation of ITES-BPO Industry

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*India is globally well-established as an Information Technology (IT) services destination. The success in the IT services sector has empowered the country to take its initial steps into the IT-enabled outsourcing domain. India enjoys competitive advantage in the software business and gained a position by virtue of which it has emerged as one of the front-runners in the Business Process Outsourcing market. Over the years, India has turned into a hot destination for global offshore outsourcing companies.*

*Management of human resources has got a paramount importance for the smooth functioning of an organization. Human beings are the dynamic elements of an organization. An enlightened corporate management team is the first to recognize, motivate and reward the workforce that fashions a radiant balance sheet. Negligence or lack of adequate attention to needs of employees in an organization can cause a deceleration in productivity with consequent ill effects on the economy as a whole. While managing human resources, most of the executives face the problem of providing job satisfaction to employees under their command. Aristotle, the Greek Philosopher, said that, "Pleasure in the job puts perfection in the work". Arguably, it may be interpreted as a significant statement that spotlights, the value of a satisfied, motivated and committed workforce. An organization's success depends on its ability to continuously nourish the satisfaction of its employees. This paper explores in depth study and comparison of the success factors across gender and marital status influencing the employee satisfaction in the ITes-BPO companies in India. Firstly success factors were derived with the help of Primary data that was collected with the help of a structured questionnaire from the call floor employees working with Information Technology Enabled Services (ITES) -BPO Companies located in Delhi and National Capital Region and then a comparison of the success factors across gender and marital status was made.*

**Key Words:** Information Technology, Information Technology Enabled Services, employee satisfaction, employee attrition, and employee retention.

## INTRODUCTION

After initiation of economic reforms and acceptance of the concept of globalization, the developmental activities have taken a stride and resulted into the development of industrial infrastructure. Within a short span of time, India has reached an apex position in so far as Information Technology and web-based service business is concerned. While the countries around the world are vying for a fair share of the cake, India has grabbed the noticeable share as the preferred destination for offshore outsourcing. The robust growth of ITes-BPO industry can be attributed to the fact that outsourcing is no longer a choice but has become an absolute strategic necessity.

IT enabled services are a special form of outsourcing services and are driven by the need of companies worldwide to reduce costs and focus on certain elements of their business. These services are remote-located and are delivered over Information Technology networks and not physically through people. According to Gartner Dataquest (2003) Business Process Outsourcing (BPO) is the delegation of one or more IT-intensive business processes to an external provider who, in turn, owns, administrates and manages the selected process(es), based upon defined and measurable performance metrics. The spectrum of IT-enabled services applications that is already evident in India includes the following broad segments- call centers, medical

transcription, back office operations, payroll services, revenue accounting and other ancillary operations, insurance claims processing, content development and animation etc. Factors like low investment requirements and labour-oriented nature of services favour the growth of IT-enabled services in India. These services have low gestation period, low-to-medium technical expertise and growing international market. India derives its competitive edge from the location and linguistic advantage that it has, over the other competitors like China, Philippines, Mexico, Ireland and Malaysia.

Indian IT-ITES industry revenue is estimated at USD 105 billion in FY2013-14 as compare to USD 95.2 billion in FY2012-13, registering an increase of around 10.3%. The IT-ITES sector is a large employment generator and has catalyzed the growth of several ancillary industries such as transportation, real estate and catering, security and housekeeping, etc. The total IT Software and Services employment is estimated to touch 3.1million in 2013-14. The indirect employment attributed by the sector is estimated at about 10 million in 2013-14. IT-ITeS exports constitute the major source of employment in this industry and its share has increased over the years. NASSCOM, the industry body, projects that by 2020 the IT sector would provide direct employment to about 10 million individuals and indirectly to about 20 million individuals.

Domestic IT-ITES revenue (excluding hardware) is estimated to reach INR 1147 billion in FY2013-14, as compared to INR 1041 billion in FY2012-13, a y-o-y growth of ~10%. During FY2013-14, domestic IT services growth is likely to be at 9.7% as large enterprises exhibit cautious spending pattern; driven by technology upgrades in BFSI, telecom and State Governments, and compliance of MIS investments. The domestic BPO services growth is estimated at ~12% in FY2013-14, driven by demand from select customers reverting to outsourcing business processes, especially from the BFSI, automotive and retail sectors.

Human resources play an important role in this industry. The employees provide various voice and non-voice based services to customers in real time interactions. These interactions between employees and customers are very critical as employees are mainly responsible for creating an excellent public image of the company. Thus, human resources play a vital role in realization of the organizational objectives. Executives are required to make efforts to provide job satisfaction to employees under them. Only when satisfied, an employee will be motivated, cooperative and render the maximum service to the organization.

Employee job satisfaction is an attitude that people have about their jobs and the organization in which they perform these jobs. It encompasses specific aspects of satisfaction related to pay, benefits, promotion, work conditions, supervision, organizational practices and relationship with co-workers (Miseneretal... 1996). In literature there are a large number of studies that analyze the term from different perspectives and its relationship with various organizational variables (Lund, 2003). However, there is no universal definition of employee satisfaction that exposes all these dimensions at the same time (Bernal, et. al. 2005).

## REVIEW OF LITERATURE

The review of literature is done to understand the various perspectives offered by researchers

Usha Devi N., Bhargavi V. R. and Chaya R. (2006) have highlighted the developments of IT sector in India in a phased manner. They examined the reasons for entry of private and foreign players into market and to present the changing scenario of IT business in India. It also attempted to examine the growth of the Indian IT sector and finally to suggest the strategies that need to be adopted by Indian IT sector in the light of global scenario so as to enhance its market share. The study aims at measuring the association between employee's contentment, customer's satisfaction and organizational

effectiveness in the respondent companies. The results indicate that the employee satisfaction has non-significant negative relationship with customer satisfaction as well as organizational effectiveness whereas customer satisfaction is positively correlated to organizational effectiveness, at 1 per cent level.

Vanitha V. et al (2006) made a study to analyze the organizational commitment and stress among the IT (Information Technology) professionals. Differences between male and female IT professionals were also examined in this regard. Results, based on the study of various variables, revealed that organizational commitment and stress among IT professionals is high and that gender and experience of the professionals do not influence these factors.

Tripti Singh et al. (2010) conducted a research among one hundred and two managerial and non-managerial staff of selected private bank employees in India with the following objectives -To identify the factors /variables instrumental for job satisfaction and to empirically test the identified variables that lead to job satisfaction. Results of the study revealed that Work aspects, Compensation, Training, Career development, Supervision, and Work life balance are significant predictors of job satisfaction, with adequate explanatory power. (R square value being 0.842, fairly high). The study suggests that to increase satisfaction of their workforce, private sector banks need to improve job security.

A.Meenakshi and Dr.MetildaBhuvaneshwari (2013)have highlighted the perception of BPO employees regarding their work-life balance in their respective organizations. The findings exposed that most of the respondents faced difficulties in work-life balance. A thin demarcation in terms of percentage separates those who encounter problems in terms of their personal life against their workload and those who are not.

PremillaD'Cruz and Charlotte Rayner (2013)reports on an empirical enquiry undertaken in India's ITES-

BPO sector to ascertain the presence of workplace bullying, the influence of socio cultural factors, the nature of bullying categories. Survey data, gathered through structured interviews incorporating the Work Harassment Scale, conducted with 1036 respondents located in six cities, showed that 44.3% of the sample experienced bullying, with 19.7% reporting moderate and severe levels. In keeping with India's hierarchical society, superiors emerged as the predominant source of bullying, displaying task-focused behaviours.

K. Padmini and D. Venkatramaraju (2013) examined the relationship between Job Satisfaction and level of Quality of Work Life among the employees of BPO's. The study found that there is dissatisfaction among the employees regarding the Quality of Work life in BPO sector. The study reveals that employees perceive the quality of work life as conducive environment; organization should provide them the required training and resources whenever necessary it will be helpful for their career growth. The study with the help of the results suggested that the organization must provide the compensation according to the work done by the employee. It should not vary with the qualification but should vary with the experience of the employee. By doing so the company can reduce the attribution rate and employees are more motivated and committed to work that is been done.

James M. J. and Faisal U.(2013) aimed at addressing high employee attrition in the BPOsector by identifying the Critical Factors which causes high attrition. The data has been collected through a structured questionnaire survey. The study identified 13 factors affecting high employee attrition in BPO industry using Factor Analysis. Also multiple regression analysis was applied to analyze the collected data. It is found that the attrition factor employee's salary has emerged as the most critical factor affecting high attrition in the BPO sector of the above two states.

## NEED AND OBJECTIVES OF THE STUDY

The earlier studies have examined various aspects of the HR policies, retention strategies and job satisfaction in different industries. However, the issue of exploring success factors for ensuring employee satisfaction needs in-depth study in service organizations like ITes and BPO companies in India wherein not much research work has been done in this regard despite an alarmingly high rate of employee attrition and highly expensive process of finding suitable replacement of employees leaving the organization. Such a study will help the management of BPO companies to adopt suitable measures to enhance employee satisfaction and to increase retention rate. In view of the above, the objective of the present study is, to compare the Success factors across gender and marital status for the employees of ITES-BPO Companies in NCR Region.

The Hypotheses formulated for the present study are as follows:

**H<sub>0</sub>:** The success factors leading to employee satisfaction do not vary across gender and marital status of employees of BPO companies served by the respondents;

**H<sub>1</sub>:** The success factors leading to employee satisfaction vary across gender and marital status of employees of BPO companies served by the respondents;

## METHODOLOGY

**Sampling:** For the purpose of this study primary data has been collected with the help of a structured questionnaire from call floor employees working with ITES-BPO Companies located in Delhi and National Capital Region. The target population for the study comprised of employees of the companies located in this region and listed in the "Directory of IT Enabled Service Providers" published by

NASSCOM, which is the apex body for this industry. There are 96 such companies as per this directory. At the first stage 28 companies were selected randomly from the list of 96 companies. At the second stage, a simple random sample of 428 respondents has been taken for the purpose of the study from these 28 companies. The Demographic profile of respondents is given in Table 1.

As observed from Table 1, 65.8 per cent of respondents are males and 34.2 per cent are females, 82.7 per cent of the respondents are single while 17.3 percent are married.

**The measure:** In order to derive success factors in attaining employee satisfaction a structured questionnaire was developed. It contained 35 statements concerning various facets of employee satisfaction measured on a 5 point Likert Scale ranging from 'Strongly Disagree' to 'Strongly Agree'. A weight of '5' was assigned for 'Strongly Agree' and '1' for 'Strongly Disagree'. The other categories of scale were '4' for Agree, '3' for 'Neither Agree Nor Disagree' and '2' for 'Disagree'. Approximately 25 per cent of the total statements were worded negatively in order to avoid response set bias as the respondents have a tendency to reply in an affirmative during data collection. These were, however, reverse coded and interpreted accordingly while doing data analysis. Cronbach's alpha method has been applied for testing the reliability of the scale. Its value turns out to be 0.762 which is considered quite satisfactory. It implies that scale used in the study was reliable.

Table 2 shows the mean score and standard deviation for the various factors which support in achieving or attaining employee satisfaction. The mean score was found highest with to set challenges, the second highest mean value is observed with Superiors give feedback, the third highest mean score is observed to be for Work properly allotted. Figure 1 is the diagrammatic representation of the mean score of success factors.

Table 1 Profile of Respondents

Respondents characteristics		Frequency	Percentage	Cumulative Percentage
<b>Gender</b> (N=428)	MALE	282	65.8	65.8
	FEMALE	146	34.2	100.0
<b>Marital status</b> (N=428)	SINGLE	354	82.7	82.7
	MARRIED	74	17.3	100.0

Table 2

Success Factors	Mean	Std. Deviation
	Statistic	Statistic
To set challenges	3.4434	1.11368
Managers take interest	3.1143	1.20709
Employees participate in training	3.3756	1.01739
Procedures is conducive	3.3578	.95829
Superiors give feedback	3.4104	1.12839
Work properly allotted	3.4076	1.15938
Appraisal system of organization helps	3.1381	1.09019
Free flow of communication	3.0345	1.24674
Adequate facilities	3.3445	1.20986

Figure 1





## COMPARISON OF MEANS: ANOVA AND T-TEST ANALYSIS

This section presents the results of ANOVA applied to test the hypotheses proposed in this study. The factors which emerged from the analysis form the basis for conducting ANOVA and t-test. In this section, the average of these responses for different factors has been found and the significance of difference in the mean across demographic feature of respondents has been tested. To be more specific first of all, the 'average score' for each variable were determined. These were compiled by dividing total responses in each item/variable comprised by various factors yielded by factor analysis with the number of respondents. Then, the 'average score' so obtained on all the variables comprising a particular factor were summed up and this sum was divided by the number of variables/statements in that very factor, so as to get 'overall average score' of the factor. This process was carried with respect to all the factors obtained for achieving competitive HR policies.

### *Gender-wise Comparison of SuccessFactors*

Table 3 shows gender-wise mean scores of Success Factors and it is clear that t-value turns significant for all the factors except for the factor 'employees participate in training'. Thus, the employees of two groups i.e. male and female differ in their perception or opinion regarding the HR policies. Hence HR managers need to work on both the groups for making competitive HR vision for the next generation of ITES-BPO Industry.

### *Marital status-wise Comparison of Success Factors*

People at different stages of family life cycle in terms of marital status may have different needs and

circumstances. Consequently, there may exist difference in the perception level factors leading to employee satisfaction experienced by the employees of two groups viz. married and single. Table 4 depicts mean scores, t-value and significance level of various success factors between the married and single group of the employees.

From Table 4, it is clear that for each of the factors of employee satisfaction for married and unmarried the difference between mean score is not found statistically significant at 5 per cent level. Thus, both the groups do not differ in their opinion.

Further, Model Summary in Table 5 reveals the study to be acceptable due to the score of Durbin Watson lying in the range of 2.

## MANAGERIAL IMPLICATIONS

The studies reveal that if individuals perceive that procedures are conducive or promotion decisions are made in a fair and just manner, they are likely to experience satisfaction from their jobs. An opportunity for growth and advancement is a factor which affects employee satisfaction. It is more important to skilled personnel and least important to unskilled employees. Career planning and development have also been recognized for enhancing job satisfaction of an individual and lack of career development is reported to be directly and negatively related to job satisfaction. The degree of satisfaction an individual derives from his association with the group largely depends on the extent of the relationship with the group members and also his own need for affiliation. Employees look forward to various development and learning programmes and plans available to them to grow not only professionally but also personally.

Table 3						
ANOVA (Gender)						
		Sum of Squares	df	Mean Square	F	Sig.
To set challenges	Between Groups	36.422	17	2.142	1.782	.028
	Within Groups	488.220	406	1.203		
	Total	524.642	423			
Managers take interest	Between Groups	61.425	16	3.839	2.818	.000
	Within Groups	549.089	403	1.363		
	Total	610.514	419			
Employees participate in training	Between Groups	18.933	17	1.114	1.079	.372
	Within Groups	420.973	408	1.032		
	Total	439.906	425			
Procedures is conducive	Between Groups	40.027	17	2.355	2.752	.000
	Within Groups	333.728	390	.856		
	Total	373.755	407			
Superiors give feedback	Between Groups	34.279	17	2.016	1.623	.055
	Within Groups	504.316	406	1.242		
	Total	538.594	423			
Work properly allotted	Between Groups	57.251	17	3.368	2.675	.000
	Within Groups	508.645	404	1.259		
	Total	565.896	421			
Appraisal system of organization helps	Between Groups	34.129	17	2.008	1.740	.034
	Within Groups	463.861	402	1.154		
	Total	497.990	419			
Free flow of communication	Between Groups	68.010	17	4.001	2.764	.000
	Within Groups	561.507	388	1.447		
	Total	629.517	405			
Adequate facilities	Between Groups	89.996	17	5.294	4.069	.000
	Within Groups	520.397	400	1.301		
	Total	610.392	417			



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Table 4

ANOVA (Marital Status)						
		Sum of Squares	df	Mean Square	F	Sig.
To set challenges	Between Groups	.078	1	.078	.063	.802
	Within Groups	524.563	422	1.243		
	Total	524.642	423			
Managers take interest	Between Groups	1.071	1	1.071	.735	.392
	Within Groups	609.443	418	1.458		
	Total	610.514	419			
Employees participate in training	Between Groups	.038	1	.038	.037	.847
	Within Groups	439.868	424	1.037		
	Total	439.906	425			
Procedures is conducive	Between Groups	.240	1	.240	.261	.610
	Within Groups	373.515	406	.920		
	Total	373.755	407			
Superiors give feedback	Between Groups	2.396	1	2.396	1.886	.170
	Within Groups	536.198	422	1.271		
	Total	538.594	423			
Work properly allotted	Between Groups	1.634	1	1.634	1.217	.271
	Within Groups	564.261	420	1.343		
	Total	565.896	421			
Appraisal system of organization helps	Between Groups	.366	1	.366	.308	.580
	Within Groups	497.624	418	1.190		
	Total	497.990	419			
Free flow of communication	Between Groups	3.092	1	3.092	1.994	.159
	Within Groups	626.425	404	1.551		
	Total	629.517	405			
Adequate facilities	Between Groups	2.374	1	2.374	1.624	.203
	Within Groups	608.019	416	1.462		
	Total	610.392	417			

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Table 5

Model Summary <sup>a</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.263a	.069	.046	3.57071	1.585
a. Predictors: (Constant), Adequate facilities, Work properly allotted, Managers take interest, Procedures is conducive, Employees participate in training, Superiors give feedback, To set challenges, Free flow of communication, Appraisal system of organization helps					

b. Dependent Variable: Gender

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