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## **A STUDY ON EMPLOYEE RETENTION & ATTRITION STRATEGY AS A HR CHALLENGE IN INDIA'S BUSINESS PROCESS OUTSOURCING INDUSTRY**

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### **ABSTRACT**

The BPO industry has experienced exceptional growth in the modern years contributing considerably to the economy as well as provided that employment opportunity to the cultured youth on a large scale. This tendency also presents numerous challenges to the organizations. One of the most important challenges is the management of the Human Resource (HR). Human resource is a positive feature that can provide value and competitive benefit to an organization. The largest challenge nowadays the BPO sector is facing is clear as a reduction in the number of employees through retirement, resignation or death and the attrition at huge scale and retention has turn out to be a complicated task. Attrition rate is simplified as the rate of shrinkage in size odd number (BPO India 2009). Attrition of employees in an inadequate major is desirable for invasion of new ideas in the BPO sector. The studies focused on retention and attrition challenges that if BPO industry at present faces and to examine ways to diminish employee turnover. The BPO sector is always placed on peak whenever we say the word attrition. The paper also focuses on how talent could be retained in the BPO's sector where attrition is always a worry. It also throws light on what organizations need to do to retain their quality workforce and maintain the part to obtain goals.

**KEYWORDS:** Retention, Attrition, Employee turnover, Employment and Business Process Outsourcing.

### **INTRODUCTION**

Rapidly increasing service sector outsourcing and showing during the final decade has created a new and fast-growing business process outsourcing BPO industry in our India. At the same time, this industry has experienced exceptional growth rates and has contributed drastically to India's export earnings; it has also scared new employment relations challenges. It has been set up that our sourcing has become a significant agenda for several multinationals in this era of globalization. The rise and wide spread accessibility of internet and telecommunication brought about extreme changes to the



web trade is conducted. At present most of the chief organizations are opting to outsource equally functions and processes to improve their trade efficiency and decrease the cost. Nowadays, the companies can create their products or extended services from anyplace using resources from anywhere. Factors like lower cost improved productivity, higher customer satisfaction, higher quality, time to market and capability to focus on core areas are some of the advantages of outsourcing. Attrition sounds very risky now a day for any organization those are working in BPO's, because employee's absenteeism and attrition (or turnover) represent significant costs most organizations employee attrition refers to the failure of employees through a number of situations, such as retirement and resignation.

### **REVIEW OF LITERATURE**

Ranjit Shastri (2004) states that while the stable supply of new employees has helped fuel the growth of call centers in India, attrition has helped the industry back and a most important reason of attrition is the poor people skills of senior management and team leaders. Niharika opines that continued high growth in an industry be an issue because it strains governance and systems processes that needs time to get mature and to be institutionalized. India's BPO industry is presently facing the challenges arising out of its amazing growth. Santhoshi Sen Gupta and Aayushi Gupta (2008) study the challenges posed to BPO organizations at various levels and come across that at the lower level management, the main challenges include meeting target, dealing with customers and maintaining work life balance at middle level management the main challenges are to encourage employees and handle absenteeism and attrition while at upper-level management, consumer demands inspirational competition and costs are the main challenges.

Srivastava A.K. (2010) coded that how organizational environment operate in BPO industry. Six motives of organizational climate were measured in BPO companies. Expert influence and extension were respectively the dominant and backup climates. Affiliation was the weakest climate. Exploratory factor analysis of climate motives revealed three main Meta climates operating in BPO industry: 1. Brazil shrinking combining high lightened dependency and de-emphasized affiliation. 2. Empowered collaboration representing heightened extension and de-emphasized control, 3. Obsession for expertise combining heightened expert influence and de-emphasized achievement. 7.30% variance explains these meta- climates that reflect the realities in BPO industry.

Chandrashekhar K (2011) says that human resource is considered to be the most valuable asset in an organization. It continues to play even in the computer age, when everybody feels that men have a little role to play. it is true that computer to some extent does play a role, but programming and feeding such programmed required manual operations. In another words, the function of manpower has no alternate and therefore, it has a constant role to play. The main problem against the manpower



development is attrition. The rate of attraction is increasing everyday so that production and profit decrease. Not worthy is the continuously growing rate of attrition among the IT, ITES and other software-based companies. this has made the companies to take a research studies based on their employees Especially to identify the factors of attribution. This research helps to know about the employees' attitude towards the company and also highlighting various other direct and indirect effects of attrition on production and attrition in the BPO industry is twofold. One part of the attrition is somewhere the employee leaves the industry completely. And the other section of attrition is somewhere the employee joins another firm in the industry. It's not only indicated the loss of talent in the company, but also includes the cost of hiring and training the new employees. This is witnessed almost at all levels in the organization. According to some analyst BPO India 2004, in general the attrition rate fluctuates between 20% and 40% while in the best companies while in the best companies, it averages around 15%. As per NASSCOM (2004) report, the outsourcing industry would have a shortage of 2,62,000 professionals by 2012. Despite potential for tremendous growth, BPO industry constantly continues to suffer from higher level of attrition stemming from factors like lack of opportunities for growth and high levels of stress. Attrition in BPO, do wearing from industry to industry has reached an all-time high level of nearly 60%. Sengupta S & Gupta A (2012) says that Business Process Outsourcing (BPO) industry in India is processing with an unparallel velocity. Despite the momentous growth and brilliant future, the BPO industry has experience high attrition rates since inception. There are too many factors that direct to attrition in BPOs and many more research has taken place time. In the study they made a comprehensive attempt to explore the dimensions of attrition by identifying the factors that lead to it, assessing the contribution of the factors towards attrition, and comparing the dimensions across the various demographic.

**Objectives of the study:**

- a. To sort out the factors of attrition in BPO's based on review of literature and secondary data.
- b. To examine the source of the high attrition rate among employees in the BPO sector.
- c. To study the retention strategies functional in BPO sector.
- d. To give implication of retention strategies.

**Research Methodology of the study:**

The research paper is totally based on review of literature, secondary data from various sources such as journals, books, magazines and newspapers in addition to visit to various websites. The previous researcher's study in the area of BPO sector has led to the conceptualization of this research.

**Need for the study:**

Retention is a blazing problem for the promising industry of BPO, especially because it fails to tap the full consumption of the human resources and it waste much of its time, money and resources and so



there is a need to study the retention strategies in this sector.

**Causes of High Rate of Attrition:**

In an industry like BPO, the work can often be repetitive and an opportunity for career growth is minimal. So, when opportunities beckon, the high rate of attrition is not unexpected. Yet, there are some common reasons that especially cause employees to leave. Surveys have listed the following as few foremost reasons for attrition:

1. Repetitive work
2. Lack of career growth
3. Rotational & Night shifts
4. Higher qualification
5. Company policies are not favorable
6. No time for personal life
7. Problems with those in superior positions or peer managers
8. Higher salary and desire designation
9. Incapability to handle different types of stress
10. Many grievances
11. Dissatisfied by appraisal system
12. Company's misguidance

**Retention as a challenge for the BPO's**

Basic fundamental changes are taking place in the work force and the place of work that promise to completely alter the way companies relate to their employees. Retaining and hiring good employees have become the chief concerns of many companies in every industry. Organizations that realize what their employees want and need in the workplace and make a strategic decision to proactively fulfill those wants will become the dominant players in their respective markets. Intelligent employers always understand the importance of retaining the best talent. In intensely competitive surroundings, where HR managers are poaching employees from each other, companies can either hold on their employees tight or lose them in competition. Forgone are the days, when employees would stick to an employer for years and years for want of a better choice.

**Implement retention strategies:**

Once the causes of attrition are found, a strategy is to be implemented so as to diminish employee turnover. The most effective strategy is to adopt a holistic approach to deal with attrition. An effective retention strategy will seek to ensure: Attraction and recruitment strategies enable selection of the 'right candidate for each role/institute. New employee's primary experiences of the company are positive. Proper development opportunities are available to employees, and that they are kept aware



of their likely career path with the organization. The organization's reward strategy reflects the employee drivers. The leaving process is managed efficiently.

#### **Few Implications on employee retention strategies**

Employee retention is essential to the long-term success and wellbeing of any business organization, particularly in case of BPOs where the organizations spend a lot in the recruitment and their primary and ongoing training of the employees. Organizational problems such as investment and time involved in training; knowledge lost due to attrition; mourn and insecure co-workers and a costly replacement of candidate costs so much to the organization. Employee retention does matter eventually. The perception of employee retention should be very definitely understood and realized by every organization. The retention strategies designed should be such that the debilitating forces minimized and retentive forces are maximized. Several BPOs are adopting some fundamental actions to retain employees, including income surveys to be shoulder to shoulder of the market, culture-building activities for employees, counseling, exit interviews, employee growth programs, rewards and recognition, as well as increased remuneration and benefits.

#### **CONCLUSION**

Now a days retention has become key tool for success but retention has become a difficult job for the sector as attrition is on the rise due to different reasons employer should concern the employees and provide flexible move and week end off so that employees feel more comfortable the next day as they will be spending some quality time with their family. Retention has also become a key challenge for the BPO industry and as how it has to be tackled in keeping a static workforce in the organization for a longer version of the game. By retention on the card the company can keep savings on recruitment and can turn it as cost effectiveness. As the segment is open and people has various choices to work for the attrition is on the rise to minimize it and manage the sector should plan the career path of employees and give them rewards and promotion on exact time and keep them satisfied so that the employees also will not think of alternative employer.

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