

Colliding Conflicting Perspectives: The rhetoric and reality of employee turnover- Evidence from the Indian BPO industry

Abstract:

This study provides a deeper exploration of the qualitative thematic structures of conflicting accounts between employee reasons to quit and managerial strategies to prevent employee turnover in six business process outsourcing firms. Such differences in cognition and action between the two constituencies suggest that the decision to quit is not a linear and rational process as highlighted in most extant employee turnover models. We present a novel conceptualisation of why employees quit. Our findings suggest that employees are more attached to a place or people rather than the organisation per se. Intergenerational differences between the employees and their managers and the ineffectiveness of actual human resource practices suggest the prevalence of 'push systems' in the case organisations. Implications for theory and practice are addressed

Keywords:

Voluntary turnover, inter-generational differences, knowledge workers

Introduction

Strategic human resource management (SHRM) literature posits that a firm's human resources can be a source of its sustained competitive advantage and thus organisations must develop appropriate strategies to attract, motivate and retain appropriate talent (Wright & McMahan, 1992). Over the last five decades, continued interest in developing competitive advantage through people has resulted in a plethora of studies examining, among various human resource management issues, including the impact of employee turnover on firm performance (Holtom, Mitchell, Lee & Eberly, 2008). Holtom et al.'s (2008) meta-analytic review highlights the temporal evolution of employee turnover research approaches, predominantly comprising of process and content models. Their review splits employee turnover research into three distinct eras. Whilst individual and organisational content and context models dominated the employee turnover research till mid-1980s (McCain, O'Reilly & Pfeffer, 1983), subsequent research (till mid-1990s) saw the development of sophisticated

models focusing on individual attitudes of satisfaction and commitment with the organisational environment, job characteristics and co-workers. This latter stream of research focused on content and process issues of macro-level external influences on an individual's decision to quit (e.g. Lee & Mitchell, 1994). The last decade or so has seen a lot of sophistication in research focusing on diverse combinations of process and content factors, with an increasing emphasis on contextual factors such as interpersonal relationships, temporal impact of workplace changes and so on (Felps, Mitchell, Hekman, Lee, Holtom, & Harman, 2009; Maertz & Campion, 2004). Thus, irrespective of the genre of employee turnover research, most research focuses on two models: content and context. In content models some form of dissatisfaction is experienced by the individual as a result of a range of work-related environmental factors that cause the individuals to either quit immediately or evaluate their decision to quit and defer it to a later point, such that, if their dissatisfaction persists, they will eventually quit. The context models provides a much more nuanced explanation of a range of internal and external contextual factors, wherein the most important is the ability of the individual to seek employment elsewhere and hence this aspect increases the incidence and decision to quit. Holtom et al. (2008) suggest that future research endeavors should focus on cultural differences from developing countries, temporal dimensions of employee turnover, and the role of social networks in influencing intention to quit. Thus, factors such as culture, group cohesion and extrinsic rewards and shocks or support systems have since attracted the attention of research in this latter period.

In addition to the above areas of future research, limited research has attempted to simultaneously analyze the key reasons why knowledge workers quit and the managerial responses to retaining knowledge workers, especially in the context of service sector firms from developing nations. Such research is valuable as researchers have identified significant differences that exist between attracting, motivating and retaining knowledge relative to other

workers (Hewitt & Associates, 2001; Horwitz, Heng & Quazi, 2003, Horwitz, Heng, Quazi, Nonkwelo, Roditi & Van-Eck, 2006; Huang, 2011; Kinnear & Sutherland, 2000).

India's information technology (IT) business process outsourcing industry (BPO) typifies an industry employing knowledge workers. Despite the spectacular growth reported in the last two decades, the issue of employee turnover has been a key issue facing IT and BPO industry's HR managers. The recent literature on the IT/BPO industry has highlighted this issue (e.g. Budhwar et al, 2006a and 2006b; Batt, 2002; Taylor and Bain, 2005 and 2006; Mirchandani, 2009; Ramesh, 2004; Batt, 2002; Thite and Russell, 2010), through descriptive accounts and managerial surveys. However, in most studies the voices of employee have largely been absent and there is a 'top down' bias (Thite and Russell, 2010).

There also seems to be a significant disconnect between the espoused attraction, retention and management strategies employed by these firms on one hand and the relatively high employee turnover on the other hand. To understand this paradox, this study attempts to uncover the reasons for high employee turnover and the ineffectiveness of the organizations' people management strategies. This paper contributes to the employee turnover literature in three ways. First, inductively analyzes both the (ex) employee and management perspectives (both sides of the coin). Second, situates the findings of the above paradox through the lens of three relevant streams of literature: attraction, motivation and retention strategies of knowledge workers; employer's orientation towards push (low-commitment HR) and pull (high commitment HR) strategies; and intergenerational differences. And third, by analyzing the main causes of employee turnover of knowledge workers in the service sector of an emerging economy i.e. the Indian BPO sector.

Our findings suggest that the decision to quit is not a simple and linear process that is triggered by dissatisfaction and contextual factors alone. Employees stay or quit because of a

complex interaction between three main factors: people, place and the organization's people management orientation towards push or pull approaches. Having identified the rationale above, the rest of the paper is organized as follows. First, we provide a brief overview of India's IT/BPO sector and its employee turnover challenges. Second, we provide a brief review of the literature and methodology. Third, we analyse and discuss the findings. Finally, we conclude with implications for theory and practice.

Attrition in the Indian IT/BPO industry

India has grown rapidly as a location in recent years to dominate work in the globalised market for business process offshoring (BPO), with success in attracting both relatively low skill transactional work, and high skilled 'professional' work (Budhwar and Varma, 2010a; Bhattacharjee and Ackers, 2010). It holds about 46 percent of the global BPO market (Kaka et al. 2006). The industry faces employee turnover challenges that have affected its growth and sustainability. Several studies have now confirmed that one of the main thorns in the flesh of the Indian IT/BPO industry is high levels of labour attrition (Thite and Russel, 2010; Budhwar et al, 2009). There have been alarming rates of attrition reported within the industry and this has become a major threat and one of the biggest challenges for HR professionals in the BPO sector (Singh, 2005, Budhwar et al. 2006a, 2006b, 2009). Many believe (Thite and Russell, 2010) that this has a potentially destabilising effects on other aspects of HR, including recruitment & selection, training and development, remuneration and the overall productivity and profitability of firms. On average, it costs a company \$1000 to train a new employee and another \$900-\$1,100 to recruit and train the replacement of a quitting employee (Budhwar et al. 2006b).

According to NASSCOM (2005; and more lately NASSCOM , 2012), the attrition rate for voice-based BPO's is around 55-60 per cent and 15-20 per cent for the non-voice based

processes. In spite of the hiked contemporary salaries, excellent facilities and investment and attention to improving retention strategies (especially for young graduates) the average attrition rate is still high (Singh, 2003). Several *raison d'être* and antecedents can be highlighted for this growing attrition rate. One survey (DQ-IDC, 2004) identified the following top five reasons for turnover in the industry: dissatisfaction with salaries (47%), lack of career opportunities (45%), leaving to pursue higher education (29%), illness (28%) and physical strain (22%). Other reasons also include poaching by competitors, less scope for skill enhancement, lack of work-life balance, and uneasy relationship with peers or managers.

However, the phenomenon of attrition in the BPO industry is not peculiar to India alone, as there are various studies that show that the average rate of attrition in call centres is in the region of 20 to 30 percent (Robinson and Morley, 2006; Singh, 2000). A global call-centre report (Holman et al., 2007) highlighted that Indian call centres have the highest employee turnover of 40% against a global average of 20%. This statistic alone calls for further exploration of any contextual reasons for such high levels of variation. Furthermore, Wallace (2009) in a benchmarking report on Indian BPOs highlighted that though India had the second lowest average full-time customer service agent annual salary (US\$3334) it had the greatest level of call centre agent attrition (38%) and lowest average employee tenure (11 months) in the Asia Pacific region. This indicates towards the sector trend of attracting highly qualified workers but facing problems in retaining them resulting into their exit from industry in high numbers after short stints at work (Thite and Russell, 2010). Comparatively call centres in competing countries (for example Ireland and Israel) face similar attrition rates (Holman et al., 2007). Thus, the short review suggests that high attrition rates are a characteristic of the call centre industry around the world. But the present growing rate of attrition can seriously impact the growth prospects of this evolving industry and its economic

significance on the global economy. Furthermore the competitive advantage of India would be lost, if such a critical problem is not addressed effectively.

Employee retention in business process outsourcing industry matters because it involves several issues such as training time, investment, cost of turnover, interruption of customer service, goodwill of the company, specialized candidate search and regaining efficiency. Hence, failing to retain a key employee is often a costly proposition. Ideally HR should recognize career stages, assist employees with development needs they face at each stage and design appropriate growth initiatives. Normative suggestions indicate that positive reinforcement should be provided with focus on issues like diversity in workforce, quality of work life and rising educational levels coupled with occupational aspirations of the young workforce. It is argued that this could facilitate the companies to create a positive image on internal and external stakeholders and would also ensure not only the regular inflow of employees but also consistent retention of talent (Budhwar, et.al. 2009).

However, the application of generic people management strategies for knowledge workers has been noted as a key problem for their retention. Knowledge workers are highly mobile and require higher levels of engagement and motivational strategies. To compound the problem further, a vast number of these workers employed in the Indian IT/BPO industry are also Generation Y (or Gen Y) workers. Gen Y workers have been defined as those born in the early 1990s. Not surprisingly, these Gen Ys are managed by Generation X (Gen X) managers, who are born about 10-15 year earlier than the GenYs. The literature on intergenerational theory (Benson & Brown, 2011; Cugin, 2012) suggests differences in values and attitudes between these groups and other generational of employees. Understandably then, there are likely to be potential issues of intergenerational differences in management styles and attitudes between these two groups. Unless conscious efforts are being made to understand and deal with such differences, commitment and loyalty problems

are likely to persist. It is in this context then that the following section first examines the literature on managing knowledge workers and then explores the issues of intergenerational differences that persist in the management of GenX and GenY employees.

Literature and theoretical framework

Attraction, motivation and retention of knowledge workers

Morgeson and Humphrey (2006) identify the key characteristics of knowledge work: job complexity, information processing, problem solving, skill variety, and specialization. Mohrman (2003) added personal development and learning and social networking to the above list as key characteristics of knowledge work. Key factors that affect job satisfaction of knowledge workers include pay, challenging work, and employability instead of lifetime employment. Alvesson (2000) found that knowledge workers do not value conventional command and control structures and have little loyalty to the organisation. Knowledge workers are often described as intelligent, self-driven and innovative workers who extensively value the opportunity to expand their portfolio of knowledge (Drucker, 1999). Further, knowledge workers are competitive in nature and usually enjoy challenging and complex roles through which they engage in ongoing learning and development (**Davenport & Laurence 1998; Sajeve 2007**).

In Kinnear and Sutherland's (2000) study of knowledge workers, freedom to act independently and availability of learning and development opportunities was noted as the key factors for their job satisfaction and retention. In addition to the above two factors, Sajeve (2007) also found challenging and meaningful work as powerful intrinsic motivators for knowledge workers. Huang (2011) noted the presence of the above motivational work characteristics is likely to reduce the quit intentions of knowledge workers. Others also found lack of challenging work, career development opportunities, bonus and incentive pay, management trust, recognition and appreciation, feedback, freedom to work independently

and immediate relationship with the supervisor as the most important variables impacting retention of knowledge workers (Benson & Brown, 2007; Sutherland & Jordan, 2004). Given the complex and competitive nature of knowledge work and knowledge workers, the demand on an organisation's human resource management (HRM) practices design and supporting infrastructure is expected to be higher than that required for 'traditional' workers or workers who are not engaged in knowledge work. Nevertheless, firms exercise different strategic choices in their design and implementation of HRM practices

High (pull) and low (push) commitment human resource orientation

Extant studies of SHRM suggest that firms can, by employing different HR approaches, influence employee motivation, behaviour and overall work environment (Huselid, 1995; Wright, Dunford, & Snell, 2001). The two key approaches suggested in the literature are: a transaction-oriented, low-commitment (or what we term as a push approach) is based on short-term employee exchanges; and a developmental, high-commitment (or what we term as a pull approach) approach is based on longer-term employee exchanges (Arthur, 1992; Batt, 2002; MacDuffie, 1992; Tsui, Pearce, Porter & Hite, 1995; Youdnt, Snell, Dean & Lepak, 1996). Variants of these HR approaches exist on a continuum rather than as pure archetypes. In the context of this paper, the experience of talent management specifically in IT/BPO organisations is often flagged as standing apart from those in more traditional parts of the economy (Khandekar and Sharma 2005, 2006; Saini and Budhwar 2008) with more emphasis on formal, structured and rationalised HRM systems that reflect the importation of practices in the call-centre industry in other countries (Budhwar et al. 2006 a, b). The workforce's identity is constructed as 'professional' rather than proletarian by the graduates themselves and the BPO firms that hire them, although this may belie the actual nature of much of the work (Noronha and D'Cruz 2009). Part of the reason for the formalisation of HRM can be found in the double-edged nature of the IT/BPO industry's expansion. The rapid growth of

the outsourcing industry has resulted in both high turnover and skill and talent shortages, particularly evident in large cities, as multiple employers fish within the same relatively small pool for a restricted segment of the graduate labour force (Chatterjee 2009: 276-7; Kuruvilla and Ranganathan, 2010). Numerous sources, including the BPO industry body NASSCOM (2010), suggest that relatively few fresh graduates are employable without further training. For example, Bayadi (2008: 24) claims that, despite the two and a half million graduates that India produces annually, 'human resource managers at multinationals consider only 10 to 25 percent as employable'. With the Indian IT/BPO industry faced with recruitment, attrition and poaching problems, one recent survey finds the sector of the opinion that use of better HR practices is the main key to future success (Rajeev and Vani 2009: 59). Companies have been forced to consider new types of response (Kuruvilla and Ranganathan 2010). Some evidence exists of more innovative HR practices in 'high end' knowledge processing services, intended to recruit, retain and manage the performance of the relatively scarce group of graduates deemed to possess the right skills (Raman et al. 2007). Longitudinal data suggests a degree of movement in the governance and organisational features of IT/BPO firms from an initial transactional orientation to one more focused on achieving resource complementarity through the development of trust and a longer-term orientation to the provision and delivery of the offshore services (Vivek et al. 2009, Pereira and Anderson, 2012). While strategic HR orientations vary, researchers must also examine the differences between employee groups.

In relation to generational differences between employees, Benson and Brown (2011) found inter-generational differences in the management of knowledge and other workers. The drivers of workplace satisfaction, attraction and retention differ between Gen X and Gen Y knowledge workers. Arguing that Y comes after X, Wallace (2001) noted several differences in the motivational factors between Generation Y and X employees. The following section

reviews the literature on Generation X and Y employees. This is particularly relevant to this study because all the exiting employees in our sample of six case organisations were Generation Y employees, whereas the HR managers belonged to the Generation X grouping.

Understanding Intergenerational Differences

In recent years a number of studies have examined the impact of inter-generational differences on a range of HRM and work outcomes, including the intention to quit (Benson & Brown, 2011; Cugin, 2012; Jorgensen, 2003; Roberts & Manolis, 2000). The differences exist not only between Baby-boomers and Generation X but also between Generation X and Y employees. Such generational differences explain differences in values and attitudes towards a range of work-related outcomes. For example, Yu and Miller (2005) found that relative to the Baby-boomers, GenXers are loyal to skills and their occupations or professions.

Analysing evidence from the Australian Defence Force, Jorgensen (2003) found that relative to Baby-boomers, GenXers are more likely to quit when they experience dissatisfaction. Other studies have found differences between Baby-boomers and GenXers on aspects of organisational commitment, absenteeism and employee turnover (Tulgan, 1996; Wallace, 2006). Twenge and Campbell (2008), reviewing data of 1.4 million people found that GenY or sometimes called as Gen Me or millennials demonstrate high levels of self-esteem, narcissism, anxiety, depression, lower need for social approval and a higher external locus of control. Their study suggests that for managing such employees, managers should be prepared to deal with higher than average expectations, provide ongoing praise and feedback, be less critical of their work, and provide them with opportunities for creative work. By developing organisation-wide 'praise programs' and providing frequent positive feedback, managers can realise the best from this group of employees.

Cogin (2012) noted significant impact of inter-generational differences between four generations, including GenXers and GenYs on a range of HRM outcomes. She found major differences in values and attitudes between GenXers and GenYs in a sample of employees from five nations. In comparing the management preferences that GenXers have with that of GenY, Cogin (2012) and other studies found GenXers sought extensive feedback from their supervisors (Glass, 2007), rely on teamwork for completing their goals (Karp et al., 1999), value skills more than positions (Eisner, 2005), however, they do react to being micromanaged and prefer a coaching and mentoring style of management. They view employment security and skills as an essential part of work (Eisner, 2005), wherein career security is more critical than job security (Lancaster & Stillman, 2002), however they are reluctant to rely on networking for their growth and day-to-day decisions (Esiner, 2005).

A distinctive difference that separates GenXers from GenYs is that GenYs value outcome more than the process to get to that outcome (Glass, 2007). Further, GenYs prefer less bureaucracy (Morrison et al., 2006), more openness, transparency, instant gratification (Eisner, 2005), greater empowerment (Shaw & Fairhurst, 2008), and frequent feedback (Lancaster & Stillman, 2002). Glass (2007) found GenYs perform better when they have challenging work and flexible workflow (Martin, 2005). Earlier studies have noted that people tend to prefer a working environment that identifies with their individual personality and interest. There have been number of important studies that support this correlation. Super's (1953) 'vocational development theory' had suggested that people choose an occupation based on its congruence with their self-concepts. The vocational choice literature presents substantial empirical evidence suggesting that particular types of people are attracted to specific occupations (e.g., Super, 1953; Holland, 1966) and the fit between a person's personality and specific vocational environments (e.g., Holland, 1977). Holland's (1985) research suggested that both people and

occupations have 'personalities'. He had characterized these personalities with the RIASEC typology (realistic, investigative, artistic, social, enterprising, and conventional personality types). Similarly, Vroom's work (1966) revolved around the idea that people choose organisations that they believe will be most instrumental in obtaining their valued outcomes. Tom's (1971) research provided evidence that that people's most preferred environments are environments that have the same 'personality' profile as theirs. He studied the role of personality and organisational images in the recruiting process and found that the greater the similarity between an individual's self-concept and his or her image of an organisation, the more that individual preferred that organisation.

Furthermore, Burke and Deszca (1982) investigated the relationship between 'Type A' behaviour in graduating students and preference for particular organisational climates. They concluded that 'Type A' behaviour scores were related to working environments characterized by high performance standards, spontaneity, ambiguity, and toughness. This evidence supported the individual-environment congruency hypothesis of their study. Some other theories supporting this proposition are similar fit theories of careers (Holland, 1985), job choice (Hackman & Oldham, 1980), work adjustment (Lofquist & Dawis, 1969), and organisational climate (Joyce & Slocum, 1984). Thus, most of such studies have considered aspects of individuals (e.g. values and expectations), their interaction with facets of situations and how such interaction affects the individuals' attitudinal and behavioural responses.

The above review suggests that there are distinct intergenerational differences between GenY knowledge employees and their GenX managers that may partly explain the reasons for high employee turnover. The following section discusses the novel methodological approach of interviewing ex-employees and their respective managers.

Methodology

This study employs an embedded qualitative multi-case research design. The study's design allows us to focus on the perspective of employees and managers and take account of the interactions between different perspectives and contexts making use of different types of informant data but also seeking to "retain the holistic and meaningful characteristics" (Yin, 2003: 2). Potential case study organisations were identified from a market search carried out in 2009 in the two cities of western India namely Ahmedabad and Mumbai and the six organisations were selected as wider and deeper access to respondents and data was possible.

Semi-structured interviews were undertaken with a total of 66 individuals (employees and HR managers) who had held different roles and operated at different levels within the organisations. Specifically, in each organisation, 10 exit interviews were conducted with ex-employees. This was followed with one interview with the Assistant HR manager/Deputy HR Manager/Board members (responsible for HR) in each organisation to get insights on company's initiatives to retain staff and cope with the problem of attrition (see Appendix 1 for details of the interview questions). Each exit interview lasted for about 20-25 minutes approximately and 30-45 minutes with each of the managers. This was in compliance with the conditions of granting permission/access to the employees and staff by the surveyed organisations. The sample suggests an average age of about 22 years for female and 24 years for male employees or an overall average age of 23 years for all the exiting employees. The average age of the HR managers was 36 years, clearly demarking these groups of knowledge workers as GenYs and GenXers respectively.

The uniqueness of this study was that the respondents were ex-employees and had no liabilities with their ex-organisations. They were thus 'free' and under no obligation to report anything under duress. As a limitation, this also raises the issue of potential bias ex-employees may have had with the organisation or their managers. Similarly, from a management perspective, their implemented strategies were noted to in the interviews with

HR managers. The demographic details of the organisation and the interviewees are provided in Tables 1 and 2.

Insert tables 1 and 2 about here

The interview data was first coded and then a thematic analysis (Crabtree and Miller, 2009; King, 2004) was reviewed by all the authors. This was particularly useful as it helped make sense of the alternate thematic structures that were evident in the conflicting accounts of employee reasons to quit and the managerial responses of the HRM strategies employed to attract, motivate and retain knowledge workers. Inter-coder reliability was ensured through iterative rounds of discussion by the researchers till some consensus was arrived at. The summary of the case study reports were sent back to the participating organisations for validation, feedback and release. Following abductive logic (Dubois & Gadde, 2002), the findings and analysis were inductively completed and additional literature was reviewed to situate the findings.

Analysis and discussion

The findings suggest two very contradictory themes. On one hand there was high employee turnover averaging almost 30% across all the case organisations, and on the other, indifferent affirmations by human resource managers of case organisations about the implementation of HR strategies to support attraction and retention of talent. Ex-employees of the case organisations reported a number of key factors for their decision to quit (see Table 3 and 4 for details). The reality of their stated decisions did not match with the rhetoric of managerial accounts of enacted HRM strategies of attracting, motivating and retaining their workers.

Insert Tables 3, 4 and 5 about here

Divergent accounts of effective HRM strategies

On balance, our analysis points to the presence of low-commitment HRM practices. Managerial expressions of ‘good’ HRM practices that were advanced seemed as if the HR managers were defending and trying to justify the legitimacy of their enacted and espoused HRM practices (Pereira and Anderson, 2012). For example, HR and senior managers of a number of organisations confirmed that they were the best pay masters in the industry and offered their workers numerous career development opportunities:

‘...financially we are ... one of the best paying organisations in the industry. Apart from this employees can see growth potential and have a shared vision. This is what keeps them with us’ (Board Member, Case 5)

‘We take training quite seriously..... It forms the crux of our strategy. We are into a business that is labour intensive and hence it is but natural that we train our researchers to be most productive’ (Board Member, Case 5,)

‘Because we pay well, our researchers stay with us longer. Money is a motivator and we understand that’ (Board Member, Case 5)

Nevertheless, the above claims about pay and incentives were strongly disputed and cited as key issues by the exited employees:

“The culture is very much appealing to the West, which at times clashed with personal value system which creates more stress as there is no leave given for Indian festivals. Moreover, at times I feel like living two lives and not getting anything out of the whole experience- no financial or non-financial gains so I decided to move on” – ITBPO1, Team Senior service specialist [Similar theme was noted by other Service specialists as well as employees of ITBPO 2 & 4].

‘I have known colleagues who have researched the job market and now they are satisfied that they earn more’ (Employee, Case 5)

‘We have had people from other organisations coming in for interviews and using our offer letters for an increase in their own organisation’ (Practice Head, Case 5)

The notion that employee turnover was less of a problem than management of poor performance was contradicted by numerous accounts of employees who often complained of poor management skills and style of management as one of the key reasons for their dissatisfaction:

“I kept on repeatedly filling the grievance form given by the team leader but to no use. There was no interest and response from the top management on my grievances” – ITBPO1- Assistant Team Leader (Employee)

“I left because my team leader was rude, used to unnecessary harass and bully me and was biased towards couple of other female colleagues in the team. And to add on they don’t even pay good.” - ITBPO4- Team Service specialist (Employee)

‘...we have only two persons who left in the last one year. In comparison... we have fired twelve in the same time period. Compare this with the national attrition rate of 20-30% or the attrition rate in the BPO sector which is as high as 35% or more specifically the RPO sector where the rate is 25-30% and you see we are well off’ (Board Member, Case 5)

Although the focus on training employees was one HR practice that was shared on a positive note by both the constituents (See also Tables 3, 4 and 5). Nevertheless, there were some apparent differences in its implementation, as is evident from the following quotes:

“Initial induction is good but after that training given to selected individuals shortlisted and chosen by team leaders not necessarily on performance which many times results in bias and lack of learning opportunities for others. Training budget does not provide equal enhancement opportunities for all. In fact many times there is no or just prerequisite training for local assignments- more emphasis is given to international assignment staff. There is lot of discrimination between staff on local and international assignments”- ITBPO4- Service Team Leader (Employee)

‘In comparison to my previous jobs, training here is hands-on. You learn and enjoy both. We help our new colleagues when they train. That way we get to know them better because we would have to work together later’ (Researcher, Interview,’ (Employee, Case 5)

Push or Pull?

The apparent disconnect between employee perceptions of the management’s espoused HRM strategies and that of the actual management strategies suggests there are differences in expectations and implemented actions between employees and managers. While some of these differences can be accounted for through inter-generational differences, such as lack of appropriate managerial skills of frequent and positive feedback, allowing creativity and flexibility in tasks, and the need to develop more intrinsic rewards (Martin, 2005; Solnet &

Hood, 2008), the above analysis suggests there is a strong orientation of case organisations towards following a short-term ‘push’ or low-commitment HRM strategies in managing their knowledge workers rather than a longer term, intrinsically rewarding ‘pull approach’ or high-commitment HRM approaches. Further, the case study evidence suggests that even the extrinsic rewards were falling short of employees’ expectations on several counts (Martin, 2005; Solnet & Hood, 2008). This can be seen in the mismatch that existed between employee pay, career development and other reward strategies. Furthermore, the literature on managing knowledge workers and GenYs suggests that these groups of workers require higher levels of motivational strategies to attract and engage such talent (Howritz et al., 2006; Huang, 2011; Martin, 2005; Solnet & Hood, 2008). The lack of such strategies was evident in a number of themes relating to breaches in psychological contract, types of pay, nature of work organisation, and performance management styles. Examples of some excerpts from the case analysis are included below:

“Yes...I knew what was I getting into as I had previous experience in the industry but...the problem... the company promised a lot and highlighted they do things differently but that surely wasn’t the case” – ITBPO1- Team Senior sales specialist

‘As part of the management we have to ensure that absenteeism is nipped in the bud and hence the fines we have in place act as a deterrent’. (Practice Head, Case 5)

“Here I find efforts are not appreciated by seniors and unrealistic demands/pressure cooker like situation created on daily basis (unnecessarily) to make us deliver and that makes this place stressful and insensitive” – ITBPO1 Senior Team sales specialist

“Employers should be provided with sensitivity training so that they can learn and develop more considerate, sensitive and empathetic attitude toward employee circumstances (work/personal)” – ITBPO4- Sales Team member/ sales specialist.

Moreover, the lack of a strategic or person-organisation fit apparent in most case organisations (see Table 5) suggests that the organisation was not intending to seek a fit between people and the organisation’s culture so that they could continue to maintain

minimal levels of employee engagement and, as a consequence achieve desirable (and high) levels of employee turnover to manage the annual increases in the wage bill. Further, although all the motivators employed by the organisations were extrinsic rather than intrinsic, they were still perceived as inadequate by the exiting employees. For example the lack of flexible work and scheduling, high focus on performance monitoring and performance linked incentives, siloed work creating social isolation and very limited evidence of developing inter-personal and effective managerial skills.

Additionally, on analyzing the typical span of control for the first two tiers of hierarchy in these organisations, the span of control varied from 1:8 (1 supervisor to 8 employees) to as high as 1:20. This would imply that unless the organisation was growing at a very high rate, there would be extremely limited growth opportunities for employees to move up the hierarchy. The issue of inadequate career development and growth opportunities was identified as the second most important reason for quitting the job, followed by poor work design. Thus, the above would suggest quite a contrarian view that there appears to be a well thought out strategy of managing knowledge workers, including GenYs, by employing a 'push' or a low employee commitment strategy. Case organisation 6 was the only outlier in this regard. The issue of span of control and career growth was aptly identified by a senior manager:

'...So we want to identify the next set of leaders which is again the roles and responsibilities of the seniors. So we push performance based on how much a senior becomes dispensable. The more dispensable he is, he creates himself another two or three people to take up his job the more he is rated on the performance rather than just delivering a basic level of what is required'. (Board Member, Case 6)

'....so it's the retention, performance of their subordinates that directly ties up with the seniors. We are trying to build a chain so that everybody is responsible down the line as to what they are doing and whether they are doing the right thing? Are they delegating the right processes? etc.... So there is a lot of onus, responsibility and a sense that the seniors have to take care of their juniors and groom them to the right level. That's the kind of pyramid or framework we are trying to build where every senior person will be more and more responsible for their

subordinates rather than just doing their daily routine things at that point.’ (Board Member, Case 6)

Individual differences

In addition to the above identified issues, a thematic analysis of the deeper structures of the reasons for why employees quit the job revealed that employees had a greater affiliation towards their supportive managers, co-workers and often wanted to be seen as conforming to their peer group’s expectations (Dess & Shaw,2001). It was more their affiliation with their social group that made the rather un-motivating environment tenable. Additionally, the employees cited broader contextual reasons such as family, the physical place and geography as key reasons to be associated with a role, as is evident from the quote below.

“I made some good friends here, facilities and infrastructure is good, I was working with my college friends here so the time spent with them was fun, experience of working for international assignments was a good thing, some HR activities/days were fun and good point for socialising but I won’t opt it as a permanent career option as there is nothing that excites and challenges me in this job” – ITBPO2- Sales Team member/ sales specialist.

“Being a female then too I did night shifts for 2 months (as its not very safe) but now don’t want to continue as my family are adamant of me not doing night shifts. They were ok with day ones but not the odd timings” – ITBPO1 & 3 (same views)- Team sales specialist

“ I joined as people from my friends and family had worked in call centres and they said its an easy job to earn some monthly support but my overall impression is that the profile is lot hyped in comparison to what it is actually...”- ITBPO3- Sales Team member/ sales specialist

“...some colleagues are good friends in the team, pay is better than some other sectors and the workshops and recreation activities like fun-Fridays are interesting ...fun and good point for socialising.” ITBPO2 Employee

The above discussion would suggest that people preferred to stay in an organisation based on its location or for and with a certain group of people working in a particular organisation. The sense of affiliation and belonging that they develop with a group creates a stronger sense of bonding than supportive HR and management practices. However, when the internal social support system weakens with the departure of certain

key individuals, the remaining group members see little intrinsic value of staying as their sense of affiliation with the place and the remaining group member declines or finishes (Dess & Shaw, 2001).

Conclusion

Through colliding conflicting perspectives of employee reasons to quit and managerial responses of the HRM strategies put in place to deal with attrition, our findings have uncovered some novel explanations. These explanations lead us to conceptualize the key reasons why knowledge workers in the Indian IT/BPO industry quit and reasons why the management seem so indifferent, defensive and contradictory to the turnover accounts of these ex-employees. Our findings suggest that employee turnover is not a linear and rational process as has been noted in most content models. Employee attritions can be broadly classified into three groupings: firstly, employees stay with or quit an organisation based on their relationship with the *people* (co-workers, peers and managers) that they work with. Secondly, employees quit when they see no sense of belonging or attachment to a *place* (physical work environment or the geographical place). Third, a related factor is the *people management orientation* adopted by the organisation. If the organisation adopts a longer term, intrinsically rewarding approach to employment or a 'pull' approach, rather than an extrinsic and short-term focused or a 'push' approach to managing people, the likelihood of GenY knowledge workers staying longer with the organisation can be increased as long as the first two reasons are also addressed.

The above findings have several implications for managers. It is critical to first develop a sense of acknowledgement that there are intergenerational differences in values and attitudes as a result of which we see differences in behaviours between the different groups. Managers need to understand these difference by sensitising them to the workplace attitudes of GenY knowledge workers. The second area is to think of designing work and HR practices that

supports the value orientations of Gen Y knowledge workers. Providing frequent and constructive feedback is one such critical skill that Gen X managers will need to develop to deal with the ongoing employee attrition levels. Without a genuine intent to address these issues major inroads into the problems of persistent turnover and attrition will remain an ongoing concern. Further senior management also has a role to play here. During their contract negotiations with clients, the service level agreements should consider annual wage inflation for employees as well as incorporate monetary incentives for managers to not only develop their skills but to also reward retention as a key performance metric. In the absence of such holistic measures, a race to the bottom is imminent (Pralhad, 2010; Rudra, 2008)

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Appendix-1

Ex-Employees Exit Interview questions:

1. What is the primary reason for leaving the present job?
2. What prompted your decision to leave the job?

3. What were the most satisfying/positive aspects of your job?
4. What were the least satisfying aspects of your job?
5. What would you modify/change about your job?
6. Did your job turn out to be as you expected?
7. Did you receive adequate support to do your job like induction, training, resources etc. from the company?
8. Were you satisfied with this company's merit review process and did you receive sufficient feedback about your performance after reviews/appraisals?
9. Did this job help you to fulfill your career goals?
10. Were you happy with your pay, benefits and other incentives/ monetary aspects of your job?
11. What could your immediate supervisor do to improve his or her management style?
12. Did any company policies or procedures (or any other obstacles) make your job more difficult?
13. Can this company do anything to encourage you to stay?
14. Any other comments?

Managers questions

1. What is retention rate in the company?
2. What is the retention strategy of the company?
3. How and when induction and training is provided to employees?
4. Are there any arrangements for mentoring or coaching for employees?
5. What is done to empower employees in their roles?
6. How do you motivate and recognise your employees?
7. How would you terminate an employee who is not performing?
8. What initiatives has your department and company as a whole as taken to address problem of retention?

Table 1: Description of Organisations

| Characteristics | ITBPO1 | ITBPO2 | ITBPO3 | ITBPO4 | ITBPO5 | ITBPO6 |
|---|---|--|---|------------------------------------|---|---|
| Organisation size (number of employees) | 500-600 | 250-300 | 500-600 | 1200-1500 | 300-400 | 600-700 |
| Ownership | Indian | Multinational | Multinational | India-US joint venture | UK owned | Australian owned |
| Year established | 2006 | 2001 | 2000 | 2001 | 2004 | 2001 |
| Service offering | Expertise in call centre and outsourced projects and business procurement | Growing E-services Company, call centre and BPO service provider | BPO suite comprising of knowledge based transaction processing services, HR services – benefits administration and retirement services. | Order helpdesk and back office BPO | A Human Resource offshoring (HRO) firm-Specialist HR payroll outsourcer | Finance and accounting offshoring (F&AO) firm |
| Location | Ahmedabad | Ahmedabad | Ahmedabad | Ahmedabad | Mumbai | Mumbai |
| Attrition rate 2008-09 | 38% | 34% | 30% | 29% | 26% | 29% |
| Nature of work | Low end knowledge work | Low end knowledge work | Medium-to high end knowledge work | Medium to low-end knowledge work | Medium-to high end knowledge work | Medium-to high end knowledge work |
| Competitive strategy | Slightly differentiated services | Slightly differentiated services | Highly differentiated services | Slightly differentiated services | Highly differentiated services | Slightly differentiated services |

Table 2 Data Characteristics

| Characteristics | ITBPO1 | ITBPO2 | ITBPO3 | ITBPO4 | ITBPO5 | ITBPO6 |
|------------------------------------|--|--|--|--|--|--|
| Male/Female | 7:3 | 4:6 | 5:5 | 7:3 | 5:5 | 7:3 |
| Experience | <ul style="list-style-type: none"> •6mths- 1 yr: 2 resp., •1-2 yrs :3 resp., •2 yrs and more: 5 resp. | <ul style="list-style-type: none"> •6mths- 1 yr: 2 resp., •1-2 yrs:3 resp., •2 yrs and more:5 resp. | <ul style="list-style-type: none"> •6mths- 1 yr: 1 resp., •1-2 yrs: 8 resp., •2 yrs and more: 1 resp. | <ul style="list-style-type: none"> •6mths -1 yr: 3 resp., •1-2 yrs-5 resp., • 2 yrs and more- 2 resp. | <ul style="list-style-type: none"> •6mths -1 yr: 3 resp., •1-2 yrs-5 resp., 2 yrs and more- 2 resp. | <ul style="list-style-type: none"> •6mths -1 yr: 3 resp., •1-2 yrs-5 resp., 2 yrs and more- 2 resp. |
| Avg. Age (male) | 23.14 yrs | 23.5 yrs | 22.2 yrs | 23.57 yrs | 25.10yrs | 24.3yrs |
| Avg. Age (female) | 21 yrs | 21 yrs | 21.2 yrs | 22 yrs | 23.45yrs | 24.10yrs |
| Characteristics of managers | | | | | | |
| Actual Age | 39 | 36 | 35 | 34 | 34 | 41 |
| Experience | 12+ years | 9.5 years | 9 years | 8.5 years | 9.5 years | 8.5 years |

Table 3: Key reason for quitting

| Key reasons for quitting | Politics/environment | Growth and career development Salary and benefits | Work monotonous routines, work design and workload | Health and personal reasons (Education, family) | Personal and health reasons | Social alienation | Average annual employee turnover rates |
|--------------------------|----------------------|--|--|---|-----------------------------|-------------------|--|
| Case organisation | 1 | 5 | 5 | | 1 | 0 | 38% |
| Case 1 | 0 | 3 | 5 | | 2 | 1 | 34% |
| Case 2 | 0 | 3 | 7 | | 1 | 0 | 30% |
| Case 3 | 0 | 3 | 5 | | 2 | 0 | 29% |
| Case 4 | 0 | 2 | 1 | | 1 | 0 | 26% |
| Case 5 | 0 | 1 | 1 | | 0 | 0 | 29% |
| Total | 1 | 17 | 24 | | 7 | 1 | |

Table 4: Key triggers for quitting

| Key Triggers for decision to quit | Lack of managerial support and appreciation | Rude supervisor | Work stress | Health and personal reasons (Education, family) | Career development and money | Social alienation | Abusive clients |
|-----------------------------------|---|-----------------|-------------|---|------------------------------|-------------------|-----------------|
| Case organisation | √ | | | | | | |
| Case 1 | √ | | | √ | √ | √ | |
| Case 2 | √ | | | √ | √ | √ | √ |
| Case 3 | √ | | √ | √ | √ | √ | √ |
| Case 4 | | | √ | √ | √ | √ | √ |
| Case 5 | √ | | | | √ | | |
| Case 6 | √ | | √ | | √ | | |
| Total | 5 | 1 | 3 | 3 | 5 | 3 | 2 |

√- indicates presence of trigger for decision to quit

Table 5: Managerial responses to managing employee turnover: Stated retention strategies

| Case organisations Key Retention Strategies | Case 1 | Case 2 | Case 3 | Case 4 | Case 5 | Case 6 | Total |
|--|--------|--------|--------|--------|--------|--------|-------|
| HR systems | | | | | | | |
| Focused hiring / job-fit | | √ | | √ | | √ | 3 |
| High levels of training | √ | √ | √ | √ | √ | | 6 |
| Results focused employee development | | √ | | √ | √ | √ | 4 |
| Performance based incentives | √ | | √ | √ | √ | √ | 5 |
| Flexi-time | √ | √ | √ | | | | 3 |
| Incentives | √ | √ | | √ | √ | √ | 5 |
| -Employee referrals | | | | | | | |
| - Performance bonuses | | | | | | | |
| Benefits | | | | | | | |
| - Leased accommodation | √ | | √ | | √ | √ | 5 |
| - Food and transport | √ | √ | √ | | √ | | |
| - Loans | | √ | √ | | | √ | |
| - Corporate credit card | √ | | √ | | | | |
| - Stock options | √ | √ | √ | | | | |
| - Compassionate leave | | √ | | | | | |
| Socialisation and integration | | | | | | | |
| Recreational events | √ | √ | √ | | | | 3 |
| Social get-together | √ | √ | √ | | | | 3 |

√- indicates presence of managerial responses in dealing with employee attrition