

Assessment of The Attrition Rate of a Bpo Company: Basis for Designing Employment Package

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ABSTRACT

The incursion of Business Process Outsourcing in the Philippines has brought Human Resource Management to come up with a unique yet effective pay practices and procedures that will enable them to attract, motivate, retain, and satisfy their employees. The dominant explanation for this phenomena is to combat attrition rate. The study is conducted to realize what constitutes effective compensation in an organization and the appealing benefits that an employee could have. We use data from a Global Shared Service Center to ascertain what is the current trend in the market in terms of employment package. This study found out that Human Resource Management practices in performance management explicitly in employment package were all essential in determining organizational competitiveness. Result of this findings indicate that it is substantial for an organization to give emphasis in employee benefits to plunge achieving competitiveness and further suggest that employees are more motivated to perform if employment package includes periodic increments in allowance, bonus and also including fringe benefits.

KEYWORDS: Attrition, Compensation, Employment package, Retention, Work life balance

I. INTRODUCTION

Voluntary attrition in any organization has now become a rising concern as it weakens the workforce and creates psychological impact specially in employee motivation. Losing talents and employees result in performance losses which can have long term negative effect on companies especially if the departing talent leaves gaps in its execution capability and human resource functioning which not only includes lost productivity but also possibly loss of work team harmony and social goodwill (Mr. T. Narayana Rao, T. Subbarayudu, D. Siddhardha, February 2016. *Attrition A Serious cause in BPO Sector an Empirical Study confine to Visakhapatnam District Andhra Pradesh*, April 4, 2021. http://www.ijstm.com/images/short_pdf/1455288253_271S.pdf). Human Resource Management of an organization must always be flexible and ready to adapt such plague occurs as the cost of attrition is likely to disrupt and discontinue the operations. The loss of key members in an organization which is characterized as being highly interdependent and specialized can influence the ability of other remaining members to fulfill their work task (J. Sushmita, AK. Singhal, April 2014. *A Reference Study on Attrition trends and Retention Practices in India: Issues and Implications*. April 4, 2021. <http://www.tjprc.org/publishpapers/--1396853774-7.%20Humaan%20Resour%20A%20Recent%20Study%20on%20Attrition%20-%20Sushmita%20Jha.pdf>).

Understanding a proper and decent employment package would build a strong backbone in an organization as this increases interest, performance, motivation, and productivity of an employee. To understand clearly what a decent salary in Philippines is, according to (K. Domingo, Sept. 17, 2020. Who are identified rich, poor? Gov't shows income class brackets in PH. April 4, 2021. <https://news.abs-cbn.com/news/09/17/20/who-are-identified-rich-poor-govt-shows-income-class-brackets-in-ph>) Philippine Institute for Development Studies (PIDS) identified social classes according to the following income brackets:

- Poor: Below P10,957 monthly income
- Low-income but not poor: P10,957 to P21,914 monthly income
- Lower middle: P21,914 to P43,828 monthly income
- Middle: P43,828 to P76,66 monthly income
- Upper middle: P76,669 to P131,484 monthly income

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- Upper middle but not rich: P131,483 to P219,140 monthly income
- Rich: P219,140 and above monthly income

Referring to above classification, Human Resource Management has a gist of what could have been an appealing employment package to employees, and this could have been tailor-fitted strategically to be more competitive in the BPO industry. It is imperative that an organization must have a clear direction on how they design their employment package. According to (K. Dewitt, Aug. 14, 2017. *Why Are Employee Benefits Important?* April 4, 2021, <https://www.patriotsoftware.com/blog/payroll/why-are-employee-benefits-important-purpose/>) 79% of employees would rather have new or additional benefits instead of a pay increase. Good wages are important, but so are good benefits. Benefits aren't just desirable to employees. They can improve your business. Adding benefits can increase loyalty, focus and productivity, attendance, and recruiting. Additionally, studies have shown that employee benefits have a strong connection to employee turnover. Roughly half of employees listed benefits as an important factor that keeps them from leaving their current employer, which makes benefits a top priority for retention (Professional Employer Resources, <https://www.perhumanresources.com/the-importance-of-offering-employee-benefits/>).

Attrition and employment package at some extent are like salt and pepper that one cannot live without. As emphasized, proper employment benefits could reduce your attrition and increase your employee retention. According to (C. Gray, *The Impact of Attrition on a Business*, April 4, 2021. <https://smallbusiness.chron.com/percentage-customers-business-lose-year-79271.html>), in today's competitive business environment, the impact of attrition on a business can be detrimental to both the bottom line and morale. Attrition can involve the loss of employees or the loss of customers. Both employee turnover and failure to retain customers over time can challenge managers and the organization. Business profitability depends upon retention of customers. The primary factor for customer attrition is dissatisfaction with customer service. Regardless of the nature of the business, customers will remain loyal if outstanding service continues after a sale is completed. If a customer perceives that she no longer receives quality customer service over the long-term, the business will fail to retain the customer.

II. RESEARCH OBJECTIVES

The study aims to realize what constitutes effective compensation in an organization and the appealing benefits that an employee could have. Employers are continually challenged to come up with a unique yet effective pay practices and procedures that will enable them to attract, motivate, retain, and satisfy their employees. It is significant to understand how and why employee stays in an organization and what it is to be having a work life balance.

III. METHODOLOGY

The study has been based on primary data collection. Primary research consists of a collection of original primary data collected by the researcher because it is very reliable and usually objective and collected directly from the original source. It also gives up to date information for the research study. It can be accomplished through various methods including direct personal interviews, indirect personal interviews, collection through questionnaires, collection through enumerators and collection through local sources. The researcher has followed the questionnaire method. The questionnaire is the main instrument for collecting data having series of questions to collect information from the respondents. The researcher has followed both open ended and closed ended questions. For the study, the researcher collected random sampling from sampling technique. Simple random sampling is defined as a sampling technique where every item in the population has an even chance and likelihood of being selected in the sample. Here, the selection of individuals entirely depends on luck or probability, and therefore this sampling technique is also sometimes known as a method of chances. Simple random sampling is a fundamental sampling method and can easily be a component of a more complex sampling method. The main attribute of this sampling method is that every sample has the same probability of being chosen.

The sample size for this research is 35. Researcher chose 35 respondents to have a more accurate data result. The sample size is a significant feature of any empirical study in which the objective is to make interpretations about a population from a sample. The researcher has followed various statistical measurement techniques as follows:

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Descriptive: descriptive statistics aim to provide basic information about variables in a dataset and to highlight potential relationships between variables. Generally, the term given to the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might emerge from the data, they are simply a way to describe our data.

Cronbach Alpha: is a measure of internal consistency, that is, how closely related a set of items are as a group. It is a measure of scale reliability. A “high” value for alpha does not imply that the measure is unidimensional.

ANOVA: is used to compare differences of means among more than 2 groups. It does this by looking at variation in the data and where that variation is found. Specifically, ANOVA compares the amount of variation between groups with the amount of variation within groups. Researcher used one-way ANOVA to gain information about the relationship between the dependent and independent variables.

IV. ANALYSIS OF THE STUDY:

Total number of samples taken for research is 14. Total number of questions taken for research is 30. In this research all respondents belong to the age group of 25-40 combination of male and female and they have experience of at least 3 years. All the respondents possess their educational qualification as Graduates. The nature of work of the respondents are permanent and full time only. The reliability of the study is examined thru Cronbach’s Alpha and One-Way ANOVA/ F-test has been conducted.

Q1	Employees are recognized individuals
Q2	How motivated are you to see the company succeed?
Q3	Company clearly communicates its goals to employee
Q4	How flexible is the company with respect to your family responsibilities?
Q5	My organization has expressed interest in my health and wellness
Q6	Would you refer a friend to apply for a job at this company?
Q7	Have you experienced any discrimination or harassment at this company?
Q8	Does company clearly communicate its strategies to employee?
Q9	My responsibilities suit my personal skills and expertise
Q10	I receive enough opportunity to interact with other employees
Q11	I have a clear path for career advancement
Q12	My job requirements are clear
Q13	Over-all, how satisfied are you with your position at this company?
Q14	There are more positive than negative aspects to my job
Q15	I feel encouraged to come up with new and better ways of doing things
Q16	My work gives me a feeling of personal accomplishment
Q17	I have the tools and resources to do my job well
Q18	On my job, I have clearly defined quality goals
Q19	The company does an excellent of keeping employees informed about matters affecting employees
Q20	When customers are dissatisfied, I think of ways to solve the problem to their satisfaction
Q21	I understand why it is so important for to value diversity
Q22	My job makes good use of my skills and abilities
Q23	I have a good understanding of compensation policies and practices that affect me.
Q24	My benefits meet my (and my family’s) needs well.
Q25	I am compensated fairly.
Q26	Our organization provides competitive compensation and benefits packages compared to others in our industry.
Q27	Considering everything, how satisfied are you with your job?
Q28	How satisfied are you with the information you receive from management on what’s going on in the company?

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Q29	How satisfied are you with your opportunity to get a better job in this company?
Q30	In my work area/team, my opinions seem to count

Reliability Statistics Cronbach's Alpha Interpretation

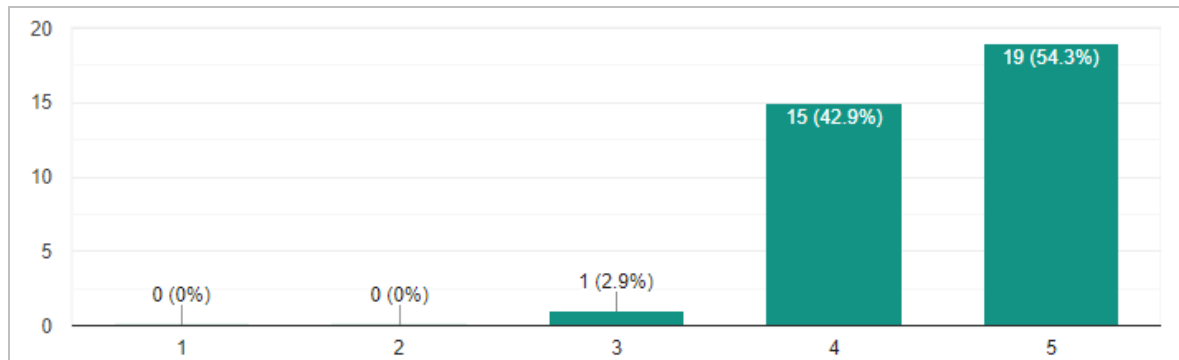
Range	Qualitative Description
0.91 – 1.00	Excellent
0.81 – 0.90	Good
0.71 – 0.80	Good and Acceptable
0.61 – 0.70	Acceptable
0.01-0.60	Non-acceptable

Cronbach's Alpha	N of Items
0.95	35

LEVEL OF JOB SATISFACTION

1. My job requirements are clear.

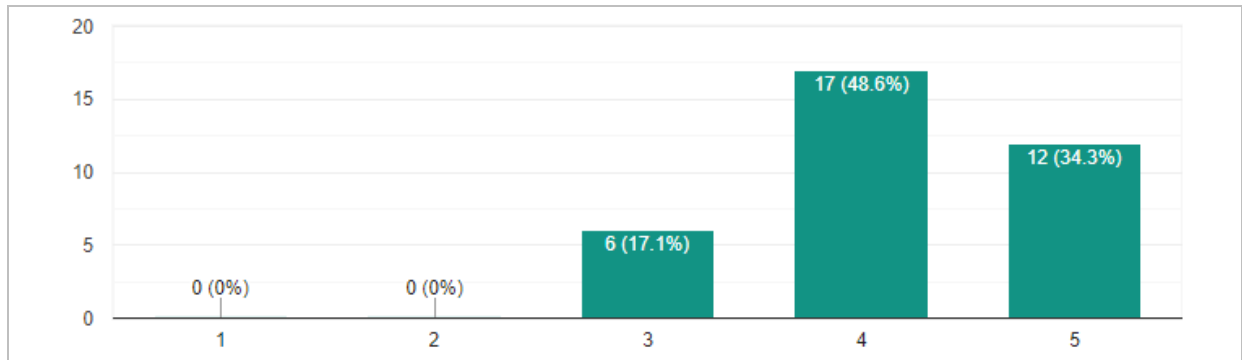
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	1	3	3	3
	4	15	43	43	43
	5	19	54	54	100
	Total	35	100	100	



2. Over-all, how satisfied are you with your position at this company?
- 3.

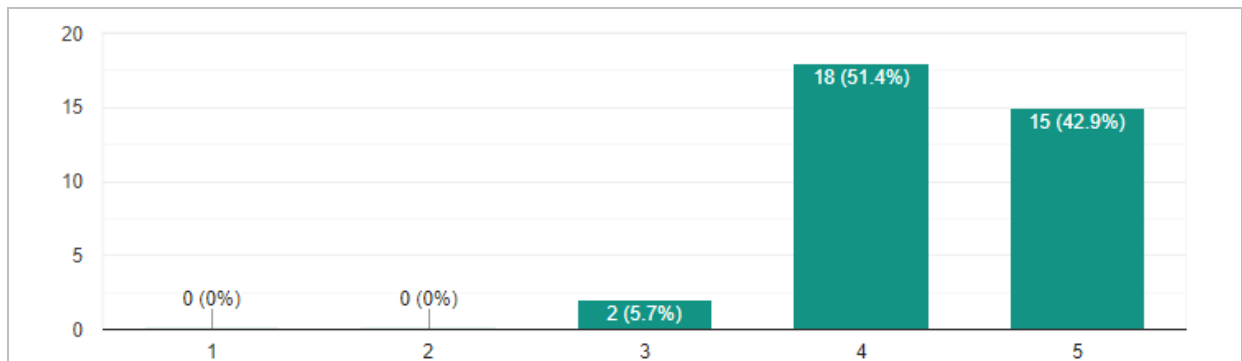
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	6	17	17	17
	4	17	49	49	66
	5	12	34	34	100
	Total	35	100	100	100

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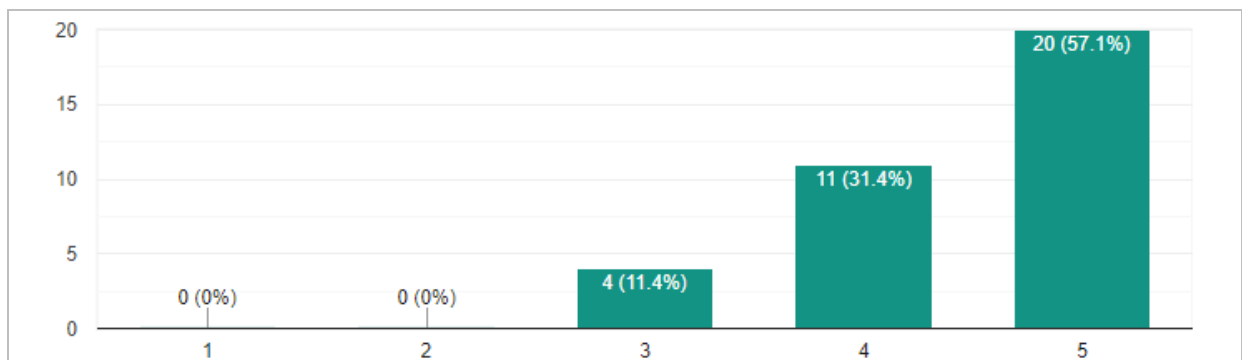
4. There are more positive than negative aspect to my job.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	6	6	6
	4	18	51	51	57
	5	15	43	43	100
	Total	35	100	100	



5. I have the tool and resources to do my job well.

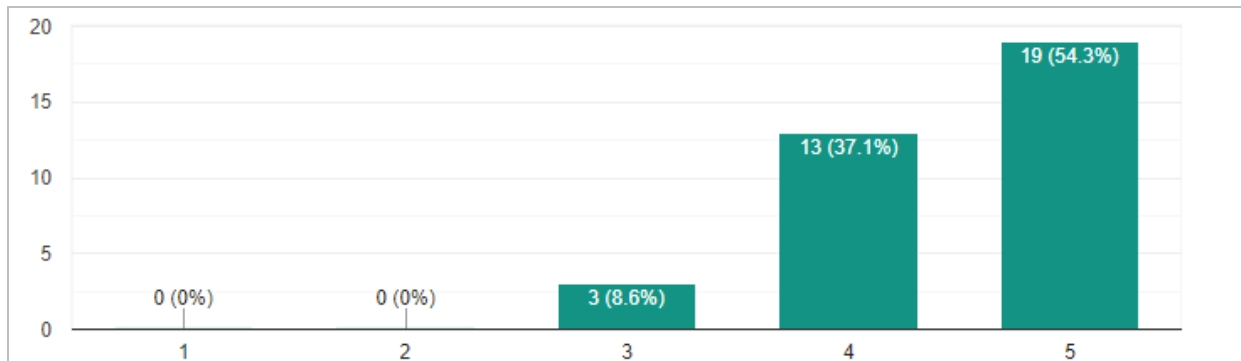
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	4	11	11	11
	4	11	31	31	42
	5	20	57	57	100
	Total	35	100	100	



6. On my job, I have clearly defined quality goal.

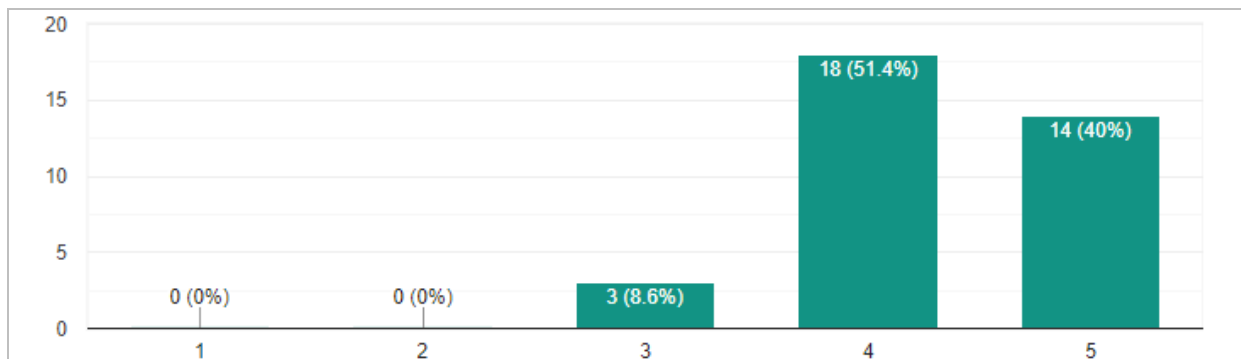
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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	3	9	9	9
	4	13	37	37	46
	5	19	54	54	100
	Total	35	100	100	



7. Considering everything, how satisfied are you with your job?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	3	9	9	9
	4	18	51	51	60
	5	14	40	40	100
	Total	35	100	100	



Interpretation: Table 1, 2, 3, 4, 5 & 6 shows respondent's opinion about overall job satisfaction in the organization. It is concluded in bar graph 1 – 54% or 19 out of 35 respondents strongly agree about their job requirements, from bar graph 2 – 17 out of 35 respondents are very satisfied with their current position, from bar graph 3 – 18 out of 35 respondents agree that there are more positive than negative aspect in their job, from bar graph 4 – 57% or 20 out of 35 strongly agree that they have all the tool and resources to perform their job, from bar graph 5 – 19 respondents out of 35 or 54% are completely satisfied about the organizational goal and from bar graph 6 – 51% are very satisfied with their job.

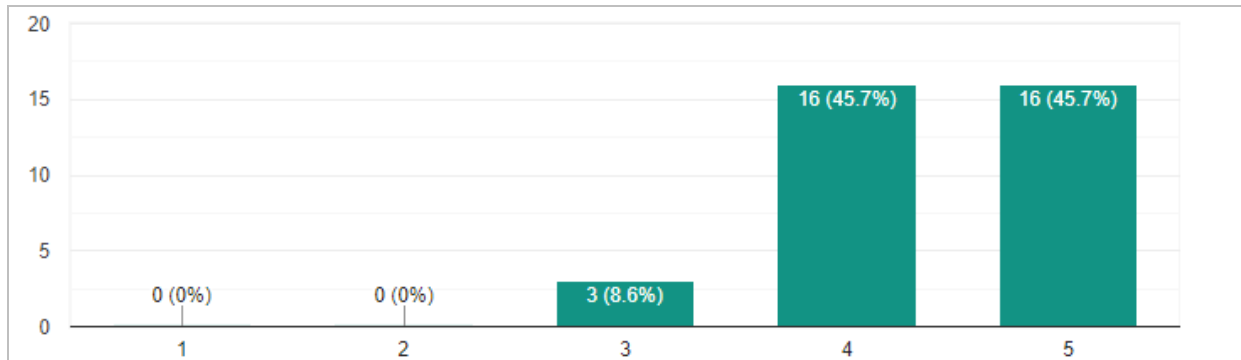
ORGANIZATIONAL CULTURE

8. The Company does an excellent job of keeping employee informed about matter affecting employees.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	3	9	9	9
	4	16	46	46	54

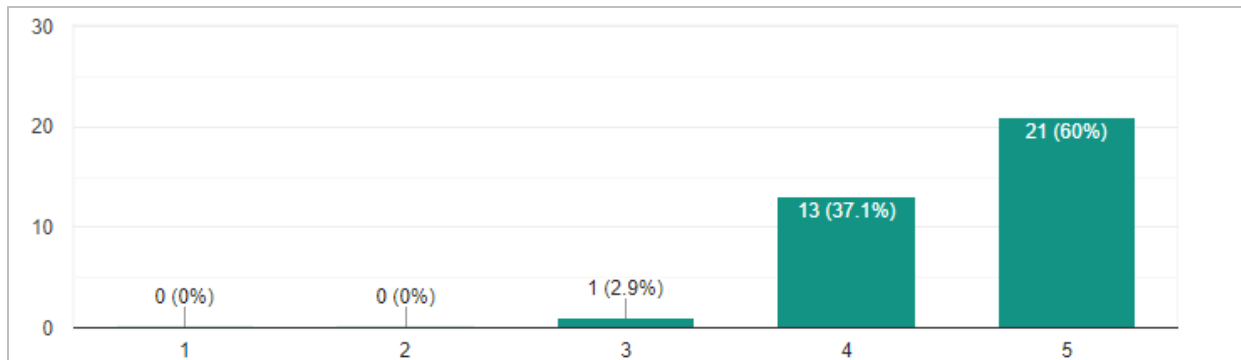
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	5	16	46	46	100
Total		35	100	100	



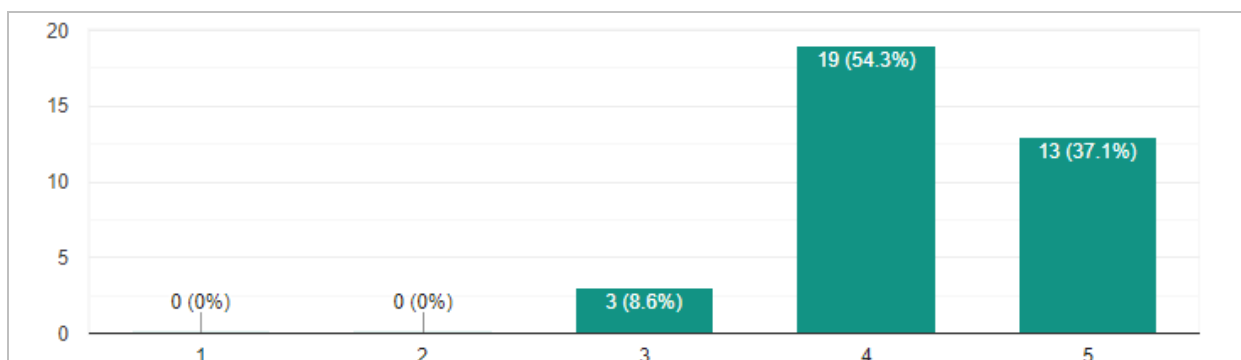
9. In my work area/team, we treat mistakes as opportunities to improve.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	1	3	3	3
	4	13	37	37	40
	5	21	60	60	100
	Total	35	100	100	



10. My job makes good use of my skill and ability.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	3	9	9	9
	4	19	54	54	63
	5	13	37	37	100
	Total	35	100	100	



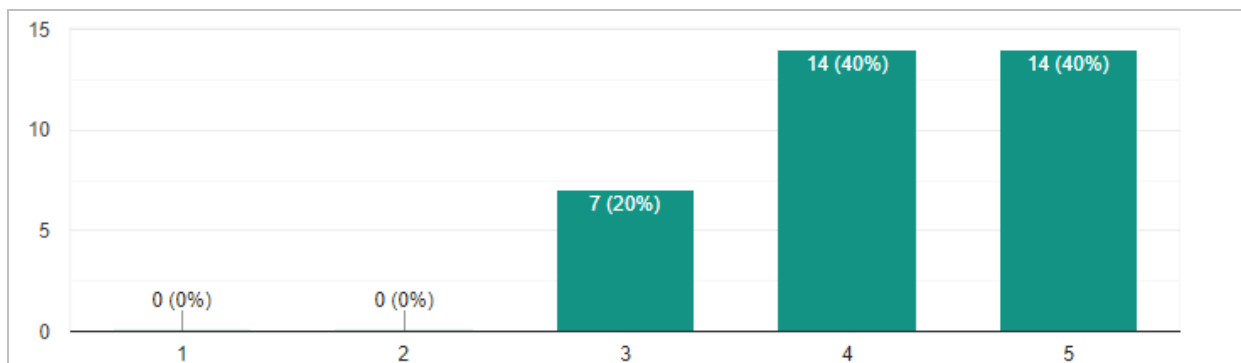
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Interpretation: Table 7, 8 and 9 shows respondent's opinion about organizational culture and the core values given importance in the organization. It is concluded from bar graph 7 – 32 out of 35 respondents both strongly agree and agree that the company does an excellent job in disseminating information that affects employees, from bar graph 8 – 21 out of 35 respondents strongly agree that they treat mistakes as an opportunity to improve and from bar graph 9 – 54% or 19 out of 35 respondents agree on their skills and abilities being used for the job in the organization.

COMPENSATION AND BENEFITS

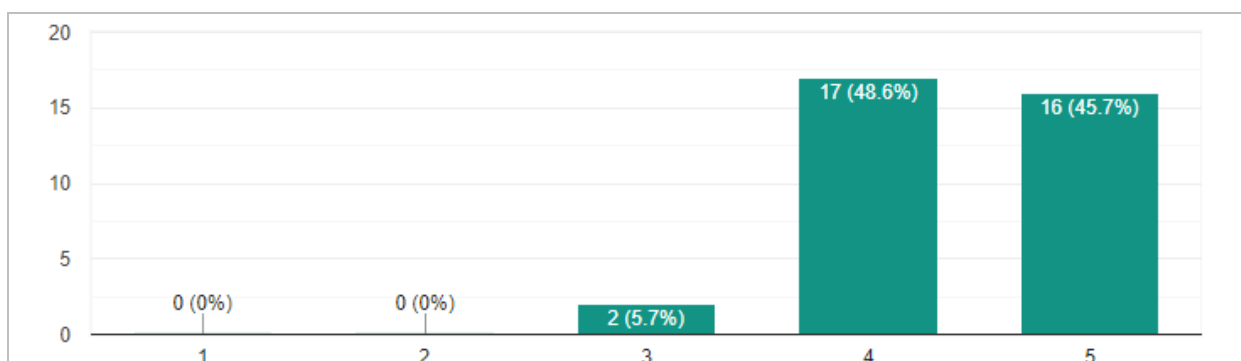
11. My benefits meet my (and my family's) needs well.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	7	20	20	20
	4	14	40	40	60
	5	14	40	40	100
	Total	35	100	100	



12. I have a good understanding of compensation policies and practices that affect me.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	6	6	6
	4	17	49	49	54
	5	16	49	49	100
	Total	35	100	100	

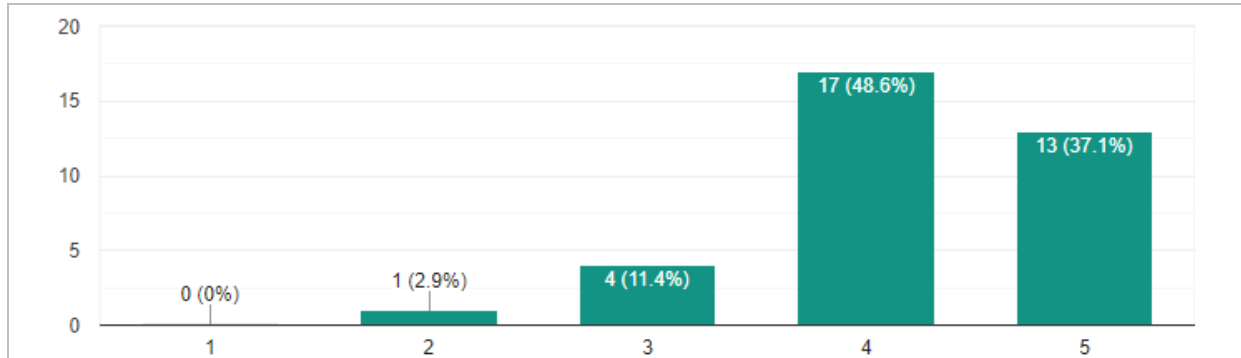


13. I am compensated fairly.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	3	3	3

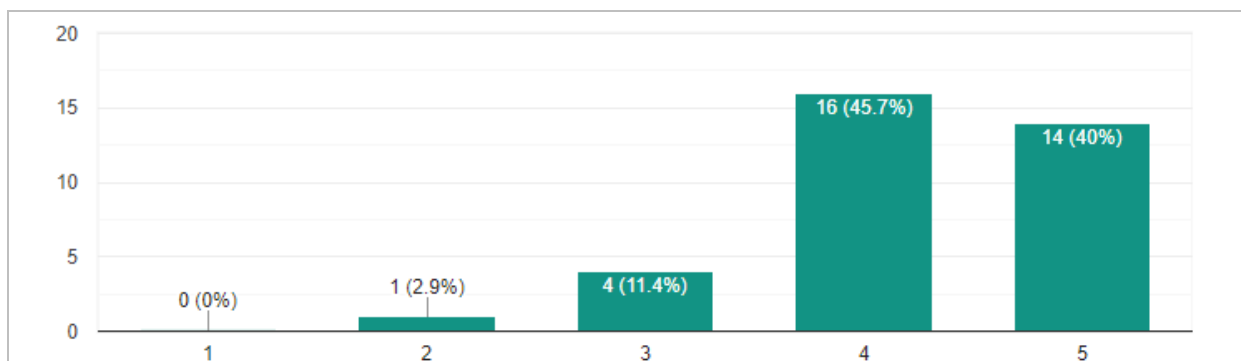
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	3	4	11	11	14
	4	17	49	49	63
	5	13	37	37	100
	Total	35	100	100	



14. Our organization provides competitive compensation and benefits packages compared to others in our industry.

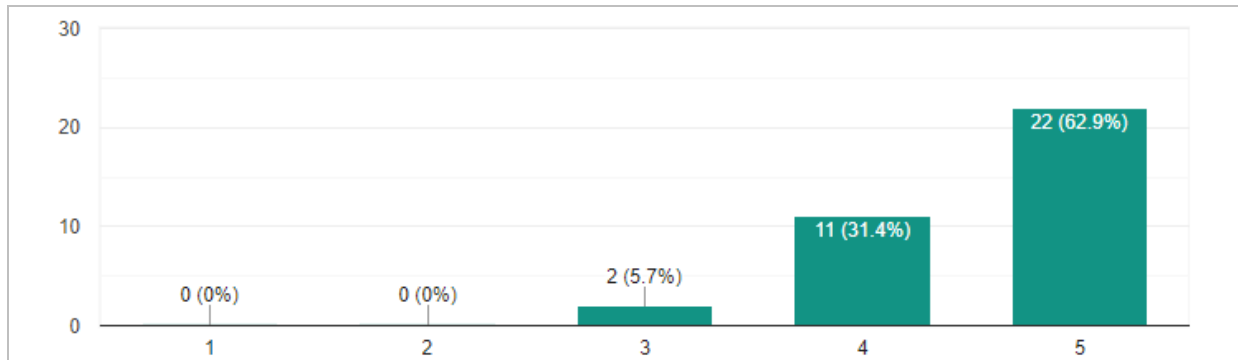
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	3	3	3
	3	4	11	11	14
	4	16	46	46	60
	5	14	40	40	100
	Total	35	100	100	



15. My organization has expressed interest in my health and wellness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	6	6	6
	4	11	31	31	37
	5	22	63	63	100
	Total	35	100	100	

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Interpretation: Table 10, 11, 12, 13 and 14 shows respondent's opinion on compensation and benefits and the organization's drive for health and wellness. From bar graph 10 - 40% strongly agree whereas another 40% agree that the organization meets employees needs as well as their families, from bar graph 11 - 49% strongly agree while another 49% agree that employees has a good understanding about compensation and policies, from bar graph 12 - 49% are very satisfied about their compensation, from bar graph 13 - 46% agree that the organization provides competitive compensation and benefits packages as compared to others and from bar graph 14 - 63%

1.1 FINDINGS

The major finding in the research are as listed below:

1. 91% of the respondents are neither very satisfied nor completely satisfied in terms of the Level of Job Satisfaction in the organization.
2. 46% or 16 out of 35 respondents agree on Organization's Culture development while another big chunk of respondents with 48% strongly agree that gives it a total of 96% of the respondents believes the Organization Culture.
3. 31 out of 35 or 89% of the respondents are neither agree nor strongly agree about how competitive the compensation and benefits provided by the organization.

V. CONCLUSION

Assessment of the Attrition rate of a BPO Company as a basis for designing employment package is a pivotal event in determining the success of the organization. Competitive employment package is dominantly necessary in keeping your attrition low and preserving your valuable talents. Voluntary attrition is becoming a rising concern as it weakens the workforce and psychologically impact the employee motivation. This predicament resulted to lose talents and creates performance losses which can have a long-term negative effect in the company. Employers and Human Resource Management are continually challenged to come up with a unique yet effective pay practices and procedures that will enable them to attract, motivate, retain, and satisfy employees. Moving forward, the researcher hopes that this study can aid assistance that will lead in scheming competitive employment package. If we cannot combat the attrition rate that most of Global Shared Services Center experience, companies will be in great chaos as this will seriously impacting the operation, employee motivation and the business.

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