ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

A study on Recruitment and Retention activities of Human Resources with special reference to the IT/ITES-BPO industries in Tamil Nadu state in India

Monica K
MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

Human enterprises work on the principle of complementarity. Nothing is possible except through co-operation and co-ordination. This is because man is basically a social animal. All beings are endowed with needs and the fulfilment of these needs requires joint enterprise. Humanity has an instinct for possessions and the instinct for sharing is not equally strong. So these factors must be applied in managerial and administrative process of IT/ITES-BPOs in India which would contribute to effective employee retention.

1. INTRODUCTION

Human enterprises work on the principle of complementarity. Nothing is possible except through co-operation and co-ordination. This is because man is basically a social animal. All beings are endowed with needs and the fulfilment of these needs requires joint enterprise. But in the endeavour to fulfil human wants, sometimes the components of the endeavour happen to be on opposite sides and therefore there are complications in such co-operative enterprises. Humanity has an instinct for possessions and the instinct for sharing is not equally strong. Thus it happens that social life is enmeshed in hostile interests. Down the ages, the opposed interests have been broadly ranged on the basis of physical strength which gives the power to dominate and the lack of it that leads to submissiveness: the possession of land and the lack of it, the access to capital-cash sources, and the intellectual and practical competence to organise and exploit capital on the one hand, and the lack of it, culminating in the entrepreneurial interests pitted against the interests of the work force or labour. In the ancient days, possibly, there was a sense of justice but in course of time, the opposed interests naturally became mutually exploitative. It was only in much later times that men in general realised the need for compromise between the opposing interests and the realization of the need for co-operation. Thus in the days when capitalism was rampant, a Karl Marx could prophesy that by the very logic of things capitalism would die out and communism would become the pervasive social system of the world. But it has not happened because capitalism has realized the need for co-operation and the enormous capital requirements of industrial enterprise have made an important innovation in the mobilization of capital that has changed the very concept of capitalism confined to a minority and has made it very broad-based: the innovation of the share market. The legendary opposition between capital and labour has given way to at least a grudging realization and conceding of the need for compromise and enlightened self-interest and accommodation of mutual interests. Communism has not been able to thrive equally because it seems to ignore the human instinct for possession and the reluctance to be altruistic at the cost of self-interest.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

In the early days of capitalism, governments were reluctant to interfere in trade and industry, and let the capitalist-entrepreneur have his way and in that laissez faire, the capitalist was the king and the labour had no rights. This development of the negotiating system of collective bargaining was very slow. But eventually trade unions became a reality and violent opposition to capitalist exploitation culminated in the dawn of good sense and moderation. Though there are conflicts still, they are not as murderous and one-sided now as they used to be in the distant past. In today's world, industry which is one of the main stays of commerce is again a contentious field, with entrepreneurs and employees being very sensitive to their own advantages and claims and rights. Industry requires more and more informed and well trained work forces, and the personnel who have the necessary competence and training naturally want to be compensated generously. The enormous profits that the very nature of the modern industrial enterprise assumes lead to high wages and liberal labour rules and the work force now expects a larger and larger share of the profits. There is bound to be an imbalance between the expectations and the tendencies of the two forces. So for all the industries of today, for all business undertakings, the securing of a competent work force and then the retaining it over stretches of time has become very vital. Though this phrasing seems to give the labour force- the top executives and the people down below bracketed as one category, the category of workers for wages (high and low)-the advantage, it has to contend with the possibility of a collapse in the structures in the absence of mutual understanding and co-operation. The Information industry is one of the core industries of today, and modern technology and modern needs have together made it one of the most capital intensive industries of the world. Its scope expands constantly, and its need for personnel and other resources also expands enormously. So this thesis tries to study the issues of employee recruitment and retention activities of the IT/ITES-BPO industry in Tamil Nadu state in India.

NEED OF THE STUDY

India has an employee attrition rate which is less than the global average in general/overall but regarding IT/ITES-BPO it is dangerous. In India, with the global financial meltdown, it appears employees prefer to stick to their current jobs as much as possible. Interestingly, according to the senior persons of this segment, employee attrition has fallen to less than 35% in the IT/ITES-BPO industry against the 2006-2007 attrition rate of about 50 -55%. In the year 2009, India had more than 1500 addressable IT/ITES-BPO industries across the country and the employee attrition in the IT/ITES- BPO companies is higher than in the other sectors (NASSCOM report 2009). While the overall employee attrition in India stood at 18%, at IT/ITES-BPO companies the attrition is the country's highest followed by communication (22%) and retail (18%).The high attrition cost increases the costs to the organization considerably. They have to combat the amount of disruption due to unplanned exits. The more the people leave an organization, the more it is a drain on the company's resources like recruitment expenses, training and orientation resources and time.

2. REVIEW OF LITERATURE

Some facts regarding employee recruitment **(Sharma 2006)** may be mentioned here. 38% of the organizations do not maintain proper reports on recruitment—these details would show the time and money spent on this. 77% measure only the cost of hiring employees. 58% have some customer satisfaction measurement. Only 8% have any form of competitor benchmark or process measurements which focuses on quantity. The lack of logging of critical process detail leaves organizations potentially exposed to any legal action and indicates widespread noncompliance with the data protection act requirements. Some of the commonly used software/tools/applications are applicant tracking; CRM; quality monitoring; reporting tools; productivity tools; resume analysis;

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

e-mail clients; performance tracking tools; data base/networking sites. Tools such as Psychometric tests, personality questionnaire, aptitude tests, verbal-nonverbal reasoning, numerical reasoning, spatial reasoning, and emotional intelligence are help to find the best candidates. Psychometric tests are used to ascertain the level of compatibility with the job.

Vijayasimha (2003) suggests that reward and award policy will help in employee retention. Reward and recognition schemes would help in employee attrition issues stated by Hari (2005) and Monis (2010). Motivation, rewards, awards, recognition, leadership, Career growth, Personal care, Organization culture, good working environment and importantly establishing correct expectations during interview/recruitment is the key to control employee attrition in IT/ITES-BPO industry - discussed by Bhagat (2005),Chakrovarthy (2006) Tripathy (2006)Raman (2007),Jarg (2007) and Reynolds(2008). Employing the right staff is an important human resource challenge faced by all employers and nowadays recruitment has become expensive as well. It is very important that the right suitable staff members alone should be recruited. According to senior HR managers whatever the recruitment tools available it is difficult to predict one’s stability and individual needs or future plans. Particularly in IT/ITES-BPO industries in India the employee’s stability and their future plans are difficult to predict at the time of recruitment even by the experts in this sector. Employee Recruitment and Retention is not just a simple selection process and requires management decision making with extensive planning to employ the most suitable manpower and retain the talented employees for long tenure.

The first part of employee retention is employee recruitment and according to Fllippo, “recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization”. Recruitment is the process of identifying the organization needs to employ someone up to the point at which application forms for the post have arrived at the organization. Selection then consists of the processes involved in choosing from applicants a suitable candidate to fill a post. Training consists of a range of processes involved in making sure that job holders have the right skills, knowledge and attitudes required to help the organization achieve its objectives. Recruiting individuals to fill particular posts within a business can be done either internally by recruitment within the firm, or externally by recruiting people from outside but the recruiter must care that the recruited candidates should not leave at an early stage of their career.

3. OBJECTIVES OF THE STUDY

1. To study the recruitment process of IT/ITES-BPO companies and to explore the recruitment strategies used during manpower hiring.
2. To study the welfare measures provided by the IT/ITES-BPO companies.
3. To study the employee retention factors such as Training and motivation, Organizational culture and open system, leadership and interpersonal relations and Hygiene factor-Personal care and career growth.
4. To provide necessary suggestions/solutions/model to reduce the employee attrition problem in the IT/ITES-BPO industry.

PERIOD OF THE STUDY

Discussion with the Human Resource Managers, IT/ITES-BPO sector experts, data collection and relevant activities were conducted in the years 2015, 2016 and 2017.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

SOURCES OF DATA

Friendly and confidential discussions were conducted with a few HR managers regarding the employee attrition in the IT/ITES-BPO companies and 16 (sixteen) companies that are said to be facing employee attrition problem were identified. When they were approached, they were not willing to share their attrition problem. They tried to hedge and were not interested in the questionnaire to obtain data from their employees. But the HR managers were kind enough and suggested obtaining data from the employees outside the campus and helped indirectly. The HR managers introduced some of their employees who were about to leave their organisations and asked them to help in data collection. Discussion was taken up with these personnel and through their opinion some "dissatisfied employees "were identified. They were above to leave during the research period. With the help of HR managers of these 16 companies an estimation of 1500 employees was made who would be leaving during this research period. The researcher approached 200 respondents for the data collection of which 162 responded. Totally, one hundred and sixty two employees of these sixteen IT/ITES-BPO companies became respondents. Finally data have been obtained from these 162 "identified employees" of small, medium and large scale IT/ITES-BPO companies located in Chennai and Coimbatore. The per centage of the respondents is 10.8%. (162 x 100 divided by 1500 = 10.8%). This is very much similar to a "comprehensive pre- exit interview".

SIZE OF COMPANY OF THE RESPONDENTS

GENDER	SIZE OF COMPANY						TOTAL	
	SMALL		MEDIUM		LARGE		F	%
	F	%	F	%	F	%		
Male	22	13.58	37	22.84	40	24.69	99	61.11
Female	18	11.11	20	12.35	25	15.43	63	38.89
Total	40	24.69	57	35.19	65	40.12	162	100

TABLE No 1

Out of the 162 respondents 61.11 per cent (99) are Male and 38.89 per cent (63) are female. The NASSCOM Report May 2017 states that the male and female ratio in Indian IT/ITES-BPO industry was 62% and 38% respectively.

AGE OF THE RESPONDENTS

AGE	SIZE OF COMPANY						TOTAL	
	SMALL		MEDIUM		LARGE		F	%
	F	%	F	%	F	%		
21 - 25 years	15	9.26	39	24.07	38	23.46	92	56.79

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

26 - 30 years	16	9.88	14	8.64	20	12.35	50	30.86
31 - 35 years	6	3.70	1	0.62	6	3.70	13	8.02
Above 35 years	3	1.85	3	1.85	1	0.62	7	4.32
Total	40	24.69	57	35.19	65	40.12	162	100

TABLE No 2

Table No 2 describes the size of company-wise distribution of the respondents based on their age. The age is classified as 21 - 25 years, 26 - 30 years, 31 - 35 years and Above 35 years. The rationale behind this classification is to see which age group of candidates dominates. It is clear from table 5.1.2, in Small companies 9.26 per cent of the respondents' belong to the age group of 21-25 years, 9.88 per cent to the age group of 26-30 years, 3.7 per cent to the age group of 31-35 years and 1.85 per cent to the age group of Above 35 years. Similarly in medium companies 24.07 per cent of the respondents' belong to the age group of 21-25 years, 8.64 per cent to the age group of 26 30 years, 0.62 per cent to the age group of 31-35 years and 1.85 per cent to the age group of Above 35 years. In large companies 23.46 per cent of the respondents belong to the age group of 21-25 years, 12.35 per cent to the age group of 26-30 years, 3.7 per cent to the age group of 31-35 years and 0.62 per cent to the age group of Above 35 years. It is the 21 to 30 years age group that dominates and it has 87.65% among the total respondents.

EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

EDUCATION	SIZE OF COMPANY						TOTAL	
	SMALL		MEDIUM		LARGE		F	%
	F	%	F	%	F	%		
Under graduate	23	14.20	28	17.28	29	17.90	80	49.38
Post graduate	10	6.17	18	11.11	28	17.28	56	34.57
Professional	7	4.32	11	6.79	8	4.94	26	16.05
Total	40	24.59	57	35.19	65	40.12	162	100

TABLE No 3

It is clear from Table 3 that in Small companies 14.2 per cent of the respondents are under graduates, 6.17 per cent are Post graduates and 4.32 per cent are Professionals. In medium companies 17.28 per cent are under graduates, 11.11 per cent are Post graduates and 6.79 per cent are Professionals. Similarly in large companies 17.9 per cent are under graduates, 17.28 per cent are Post graduates and 4.94 per cent are Professionals. It shows that under graduates are the most wanted personnels for ITES-BPO jobs (49.38%) followed by the post graduates (34.57%).

ASSOCIATION BETWEEN GENDER AND OPINION REGARDING LEVEL OF WELFARE FACILITIES

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

GENDER	MEAN LEVEL OF SATISFACTION								TOTAL	
	< 2		2 - 3		3 - 4		> 4		F	%
	F	%	F	%	F	%	F	%		
Male	10	6.17	32	19.75	43	26.54	14	8.64	99	61.11
Female	5	3.09	20	12.35	29	17.90	9	5.56	63	38.89
Total	15	9.26	52	32.10	72	44.44	23	14.20	162	100.00

TABLE No 4

In order to find the relationship between the opinion regarding the level of welfare facilities and Gender, a chi-square test was used and the result of the test is shown in Table 4.a.

OPINION REGARDING THE LEVEL OF WELFARE FACILITIES * GENDER

	CHI SQUARE VALUE	DF	P
Gender	0.258	3	0.968

TABLE No 5

It is noted from the table that the P value is greater than 0.05 and hence the result is not significant at the 5% level. Hence the hypothesis regarding the level of welfare facilities and Gender are not associated holds good. From the analysis it is concluded that there is no significant association between the opinion regarding the level of welfare facilities and gender.

ASSOCIATION BETWEEN EDUCATION AND OPINION REGARDING LEVEL OF WELFARE FACILITIES

EDUCATION	MEAN LEVEL OF SATISFACTION								TOTAL	
	< 2		2 - 3		3 - 4		> 4		F	%
	F	%	F	%	F	%	F	%		
Under graduate	7	4.42	28	17.28	35	21.60	10	6.17	80	49.38
Post graduate	3	1.85	18	11.11	25	15.43	10	6.17	56	34.57
Professional	5	3.09	6	3.70	12	7.41	3	1.85	26	16.05
Total	15	9.26	52	32.10	72	44.44	23	14.20	162	100.00

TABLE No 6

In order to find the relationship between the opinion regarding the level of welfare facilities and Education, a chi-square test was used and the result of the test is shown in Table.5.a.

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

CHI SQUARE TEST
OPINION REGARDING THE LEVEL OF WELFARE FACILITIES * EDUCATION

	CHI SQUARE VALUE	DF	P
Education	5.451	6	0.487

TABLE No 7

It is noted from the table that the P value is greater than 0.05 and hence the result is not significant at the 5% level. Hence the hypothesis opinion regarding the level of welfare facilities and education are not associated holds good. From the analysis it is concluded that there is no significant association between the opinion regarding the level of Welfare facilities and Education.

DESCRIPTIVE STATISTICS – LEADERSHIP AND INTERPERSONAL RELATION

DEMOGRAPHIC VARIABLES		RANGE		MEAN	SD	F	P
		MIN	MAX				
Size of company	Small	5	16	12.55	3.12	9.069	0.00**
	Medium	7	20	14.11	3.65		
	Large	10	20	15.23	2.60		
Education	Under graduate	5	20	14.15	3.43	0.266	0.767
	Post graduate	7	20	14.38	3.31		
	Professional	7	18	13.81	2.83		
Age	21 - 25 years	8	20	14.20	3.28	0.848	0.469
	26 - 30 years	7	20	14.52	3.33		
	31 - 35 years	8	17	13.46	2.11		
	Above 35 years	5	17	12.71	4.79		
Salary per month	10,000 to 20,000	8	20	14.61	2.82	0.537	0.709
	20,001 to 30,000	5	20	13.84	3.52		
	30,001 to 40,000	8	20	14.20	3.59		

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

	40,001 to 50,000	7	19	13.89	3.79		
	50,001 and above	7	20	13.60	3.58		
Source	Advertisement	8	20	15.59 **b**	2.80	8.305	0.00**
	Relatives & friends	5	20	**A** 12.69	3.25		
	Campus interview	11	18	15.40 **b**	2.46		
	Job fairs	8	20	13.84**a,b**	3.30		
Job Number	First	8	20	14.09	3.12	1.045	0.374
	Second	7	20	13.71	3.25		
	Third	5	20	14.68	3.63		
	Fourth	9	20	15.00	2.83		
Duration of working	Less than 1 year	5	16	12.55	3.12	2.655	0.05*
	1 - 3 years	7	20	14.11	3.65		
	3 - 5 years	10	20	15.23	2.60		
	Above 5 years	7	20	14.18	3.35		
Over all		5	20	14.17	3.28		

Significant (at 5 %) ** Highly Significant (at 1 % & 5 %)

TABLE NO 8

The P value for Age, Education, Salary per month, Job Number/level and Duration of working period (years of service) is greater than 0.05; it shows there is no significant difference in the opinion on Leadership quality among the respondents. Regarding the Source of appointment Duncan's tests identified two homogeneous subsets which shows that the respondents with respect to Relatives and friends and Job fair fall in the first homogeneous subsets and the respondents of all the others fall in the second homogeneous subsets; there is no significant difference in the mean scores of Leadership quality but they significantly differ with Advertisements and Campus interview.

4.SUGGESTIONS

Identifying and prioritizing job recruitment at various levels in every organisation: it is almost a never-ending process. It is impossible to fill all the positions in one go. Therefore, there is need to identify the positions requiring immediate attention and action. To maintain the quality of the recruitment activities, it is useful to prioritize the vacancies -whether to focus on all vacancies equally or to focus on key jobs first. Candidates to be targeted for recruitment process can be effective only if the organisation completely understands the type of candidates required and will be beneficial for the organisation. Recruitment return on investment understands and compares the elements, costs and risks of a recruitment related project to the expected benefits, for example,

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

recruitment technology, recruitment centre implementation or process re-engineering. “Employees’ attitude toward jobs and the company have greater impact on loyalty and customer service than the other entire employee factors combined." "Supervisors and managers indicated that many plant improvements were being made outside the suggestion system, where employees initiated changes in order to reap the bonuses generated by the subsequent cost savings." Inspiration and values are most important aspects in employee retention. Employee motivation describes an employee’s intrinsic enthusiasm about and drives to accomplish. Every employee is motivated about something in his or her life. Motivating employees about work is the combination of fulfilling the employee's needs and expectations from work and workplace factors. These variables make motivating employees challenging.

5. CONCLUSION

The employee recruitment is a process to select carefully ‘the best suitable human resource’ and retention is providing ‘the best satisfaction’. Regarding IT/ITES-BPO industry in India, theories and concepts on qualities of leadership, motivation, Training organization culture, loyalty and commitment, Job satisfaction, all monetary and non-monetary benefits etc, could play not only for the organizations growth and development but also are concerned with employee retention. So these factors must be applied in managerial and administrative process of IT/ITES-BPOs in India which would contribute to effective employee retention.

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