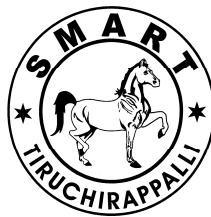


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ABSENTEEISM - A MENACE TO INDIAN BPO INDUSTRY

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Abstract

Employee Absenteeism is a worldwide phenomenon which, either due to structural or functional problems in an organization, is an important subject on the international agenda. It is also a menace in India and particularly to the Indian BPO Industry. Many BPOs complain of productivity loss and project not meeting deadlines because of this problem. This motivated the Researchers to undertake a study to find out the cause of absenteeism and why employees stay away from work with or without informing. Data were collected from 500 employees from various BPOs in South India, having absenteeism problem. The findings suggest that absenteeism is predominant across all groups of employees and demographic variables have no effect on absenteeism and it is prevalent among new as well as old employees.

Key Words: Absenteeism, BPO, Hypothesis, Demographic Variables.

Introduction

Employee Absenteeism is a worldwide phenomenon which, either due to structural or functional problems in an organization, is an important subject on the international agenda. Employee Absenteeism is a costly, yet poorly understood, organizational phenomenon (Blumenfeld, 2009). The consequences of employee absenteeism are widespread and consist of direct and indirect effects. For instance, higher costs result from absenteeism, which can be caused both directly as well as indirectly. Direct costs of sickness absence to employers include statutory sick pay, expense of covering absence with temporary staff and lost production. Indirect costs, such as low morale among staff, covering for those absent because of sickness and lower customer satisfaction, are difficult to measure while they also influence the overall levels of output (Folkedal, Jon, 2000). Other effects associated

with absenteeism are disruption of the work flow and reduction in product quality (Handy, 1968).

With the operating cost of organizations mounting high, there is need for reducing the operating cost in order to serve the customer as well as retain the customer and enhance the market share. This was the start of BPO - Business Process Outsourcing. Developed countries eyed on developing countries where the cost of labour was low and had the people with desired potentials. Banking, Telecom and IT Industry eyed on India and for manufacturing, they eyed on China and South America as well as South East Asian Countries. These countries, especially India, suffered severe unemployment problems, especially for the white colored jobs and BPO turned out to be a relief for this segment to start with. A decent pay, with fringe benefits and various motivational schemes were provided by most of the BPOs.

According to NASSCOM, BPO industry has been growing at an exponential pace in the context of this enabling environment. It has been able to generate employment opportunities as well as enhance national GDP. Indian IT revenue is expected to cross US\$ 100 billion in 2012 and aggregate IT software and services revenue is estimated at US\$88 billion. It is also predicted that Indian IT- BPO Industry collective revenue of US\$ 100 billion and exports at US\$69 billion.

Indian market share has increased from 51% in 2009 to 58% in 2011 in outsourcing industry. This increase in market share is because of the potential employees, able to deliver the results in the desired manner among the global competitors in an economical way. BPO continues to be the main employment generator and is expected to add 230,000 jobs in the financial year 2012. Thus, it will provide nearly 2.8 million employment directly and 8.9 million employment indirectly. The GDP had increased from 1.2 percent in 1998 to 8.9 percent in 2011 in the BPO Sector.

It is said that when there is a sudden growth and development process, we need to have a checks and balances system. We should ensure we have a proper structure and system. At the same time, we should have ideal functioning of the system failing which may lead to productivity losses and job dissatisfaction. This in turn leads to absenteeism and also to attrition. Unfortunately, absenteeism has been one of the negative factors in majority of organizations.

With the mounting pressure of completing the projects outsourced, BPOs are hard-pressed to get the work done with the available resources. This has been an issue in most of the BPOs. If BPOs address this problem, the efficiency rate can be further enhanced as well as the profit share.

Absenteeism can occur for various reasons in an organization and vary from levels of employees. The cause of it can be diagnosed right from recruitment process onwards. Employee abstains from work when he is not satisfied with the system or the process. Absenteeism has a direct impact on the organization's productivity and thereby on the economy. Absence of an employee forces the manager to get the work done with the existing employees which in turn builds stress and leads to making of errors. This leads to negative results for the organization and in turn, for the economy of the country. Such an environment cripples the organization's operational ability which in turn, puts the organization in a weak situation among the competitors globally. Hence efforts should be taken to diagnose the cause of absenteeism in the BPO Sector so that the industry continues to grow at a steady pace without any setbacks (**Figure- 1**).

Review of Literature

The negative impact of absenteeism on larger industry is loss to productivity, cost and schedule overrun. Absenteeism is not reported to the supervisors in advance and therefore, it becomes essential to educate the employees about absenteeism. (Sichani et. al., 2011). Team leaders have a role to play in the assembly line absenteeism where absenteeism leads to bad productivity. They have to motivate the employees and improve their morale by applying leadership techniques whereby their commitment increases and in turn, absenteeism is reduced. (Inman et al., 2010)

Extrinsic motivation stops motivating when all are not given equal chance on a continuous basis. Management should design appraisal system in such a way that it does not pave the way for inequity during the application process. (Hassink, et al., 1981). Absenteeism was viewed as non pecuniary element of the compensation package. It was inferred that

employees look for hygiene factors at the workplace. It is felt that organization should ensure that hygiene needs are met whereby a more conducive working environment is created (Allen, Steven G 2011). Culture and value system of an organization need to be imbibed by an employee from the time of joining, followed by the socialization process. This paves the way for the employee to be committed to the organization.

Environment factors may lead to absenteeism. Environmental factors such as working conditions, supervisor subordinate relation play a vital role in providing a more conducive working environment. Organizations today invest a lot on creating a structure but fail in the implementation process. Hence it is felt that not only structure but also the process of carrying out the activity through structure, should be aligned with the organization culture. Absence of creating value system and culture leads to non conducive working environment in the organization, resulting in absenteeism. (Suresh and Venkatramaraju, 2011)

Luthans, et al., (1976) felt that organizations should try to mould the behavior of the employee as per the organization culture and value system. This makes them get adjusted to the new environment. Hence it is felt that during metamorphose stage of socialization, the mentor should motivate and mould the employee whereby he feels highly committed to the organization.

Work safety plays a crucial role in absenteeism. Employees' level of commitment and motivation comes down when the organization does not adhere to basic safety norms which leads to costing of life. It was observed that because of cut throat competition, today corporates bid at a very low quote. The basic idea is to get the contract in order to survive in the market and maintain the sustainability of providing salary and fringe benefits to the employees. As a result, they compromise on

basic safety norms as a cost cutting measure. Hence it is felt that organization should strictly adhere to safety norms so that organizations do not compromise on such issues. This would facilitate in creating a safe working environment and make the employees work with dedication. (Hanna et al., 2005)

Selecting of right candidate for right position is the basis for effective functioning of an organization. Absence of selecting right candidate in right position will hinder the effective functioning of the organization. This further leads to job dissatisfaction. Once an employee develops job dissatisfaction, he or she starts abstaining from work. Hence it is felt that the recruitment process in an organization should be done in a scientific manner. This would lead to selecting of right candidate for right position. Further, it leads to commitment and involvement of the employee towards the work. If other factors are normal, then it would lead to productivity. (Manjunatha et. al., 2011)

High targets and vague goal setting lead to absenteeism. Goal setting works out effectively when MBO concept is applied. Supervisor and subordinate should jointly set goals and review periodically through consensus. But in most of the organization, due to high level of competition, they do not maintain the ratio while doing the job allocation and do not even see how far it is feasible for an employee to attain the results. This forces an organization to reduce the strength in order to reduce the operating cost and put pressure on the existing employees by setting high goal. This leads to stress and frustration and forces employee to be absent from work. Organizations should analyze the jobs scientifically and this would reduce absenteeism (Deery, Stephen J, et al., 1995).

Statement of Problem

In spite of providing various welfare measures, BPO Sector has been experiencing

absenteeism at an alarming rate. Though researches have been done on absenteeism, there was no full proof solution derived. Hence the current study focuses on probable strategies to overcome this lacuna, which has been hindering the productivity on a large scale.

Research Methodology

The aim of this paper is to study the cause of absenteeism in BPO Industry and offer some solutions for reducing the menace and creating an amicable work environment. For this purpose, twenty BPO companies in Bangalore, Hyderabad, Trivandrum, Puducherry and Chennai were indentified and employees were asked why they stayed away from work (with or without informing). 499 were found to be fit for the study and hence the sample size for the study was 499. The sampling method was non probability based judgment for identifying the companies and employees through convenience. The study was done for a year and due to the time and financial constrains, the study was restricted to only the major Cities of Southern India. The data were collected using a questionnaire which has three parts. The first part was about the demographic profiling of the respondents, second was about their profession/work and third part was about absenteeism, causes and reasons, on the Likert's 5 point scale. The questionnaire was tested for reliability and practicality on a sample of 50 employees of a BPO in Puducherry through pilot study. The reliability for the Absenteeism Scale was 0.728, after dropping a few statements. The tools of analysis were t test and ANOVA for testing the hypotheses that were framed from the reviews and information from the BPOs on Absenteeism.

The following hypotheses were formulated.

HO₁ There is no effect of Age on Absenteeism.

HO₂ There is no effect of Experience on Absenteeism.

HO₃ There is no effect of In-house Experience on Absenteeism.

HO₄ There is no effect of Education on Absenteeism.

HO₅ There is no effect of Marital Status on Absenteeism.

Hypotheses 1 to 4 were tested using Anova and hypothesis 5 was tested using t test (Table-1).

Results

Out of the 499 respondents, 55.31 %, of the respondents (276), recorded absenteeism problem, implying majority of the respondents in the study suffered from this problem and they could be a menace to their organization. From the above the Table, it can be said that HO₁, HO₂, HO₄ and HO₅ cannot be rejected at 5%. There is no effect of age on Absenteeism, meaning that Absenteeism was prevalent among all ages. There is no effect of Experience on Absenteeism, implying that whether a person was a fresher or an experienced person, this phenomenon of Absenteeism was common amongst them. There is no effect of Education on Absenteeism, meaning that whether a person was educated or not educated to a high level, all stay away from work. Therefore education does not seem to create any awareness against Absenteeism. There is no effect of Marital Status on Absenteeism and so it can be concluded that it was not the spouse that was the reason for Absenteeism but something else which could be related to Organization. Interestingly, in-house experience has an effect on Absenteeism. Respondents with less and more experience have Absenteeism problem but the ones in the middle (3 to 5 years of experience) did not experience this problem. In other words, respondents in the early stage of the career and in their late stage, experienced absenteeism because of non seriousness to work. They were indifferent to work because they had nothing to gain or nothing to lose from the organization. The key reasons for absenteeism were Alcoholism (4.26 out of 5), followed by Family Problems (3.75 out of 5) and Shift Problems (3.64 out of 5).

Discussions

It was inferred that absenteeism among employees, with 3-5 years of experience, were minimal. It could be because of their conditioning to this environment of working. Their body was accustomed to working in night shifts. In the case of employees with 0-3 years of experience, there could be a series of reasons. Firstly, most entered this profession after completing their degree and it is quite common to socialize in the evening hours at this age. With such schedules in BPO, employees could never dream of socialization. They were exhausted in day time after working whole night. This forced many to abstain from the work in spite of being paid well and having all other motivational benefits. Employees looked for a break whereby they could relax and move with their friends and family and spend their evenings. On the other hand, with senior employees, they abstained from work to be with their family. To facilitate time with family, most of the employees at senior levels abstained themselves.

Shift is a common issue found among all the employees. They enjoyed a descent salary. As most of the BPO's start functioning from late evening hours, they found it difficult to socialize or move with family. Employees were afraid of complaining for fear of losing the jobs. Hence they abstained from work and came up with lame excuses. This further shows that a conducive working environment did not exist to arrive at work-life balance.

Working on same shift makes life monotonous. It leads to frustration and there by builds up stress among the employees. This in long term forced employees, not emotionally balanced, into alcoholism.

Recruitment could be another cause for absenteeism. Employees were not selected on the basis of the desired potential and skills needed to perform the task. This happens in BPO Sector mainly because high targets of recruiting and

selecting the candidate in the shortest time frame, compelled them to select the candidates who fulfilled the basic minimum criteria. Majority of employees took to this occupation as a stop gap measure till they got some other job they were really aspiring for. BPOs can overcome it if the organization could carry recruitment process in a scientific way.

Absenting due to illness in the BPO Sector is high mainly because of the work time. As most of the BPO's operate according to the client's timings that are based offshore, it makes it difficult for an employee's biological system to get adjusted to those timings. Employees are forced to sleep during day time and change their entire schedules of life. This upsets their routine activity and many find it difficult to get adjusted to it. Hence BPOs should come up with better options like having longer break hours at work place on shift basis whereby every employee gets a break of 2 - 3 hours at work to sleep. Having sleeping pod in BPOs to a great extent would help in reducing absenteeism from sickness. If an employee gets 2 - 3 hours of sleep in night, it would help him to a great extent to balance his system.

Conclusion

Absenteeism is an issue which can be eliminated if the management tries to analyze its system on a continuous basis. Hence strategies executed in Parent Company may not be successful in Subsidiaries. BPOs need to understand the wave length of the employees and the environment in which they are carrying out the work process. In other words, we should be able to feel the pulse of the employee and then formulate the policy and design the jobs. Managers should be trained in counseling or there needs to be a counselor who would be able to guide and motivate the employees when they are falling off track. BPOs should rework on recruitment polices. Imbibing values and culture of the organization during induction process would help them to be more committed towards

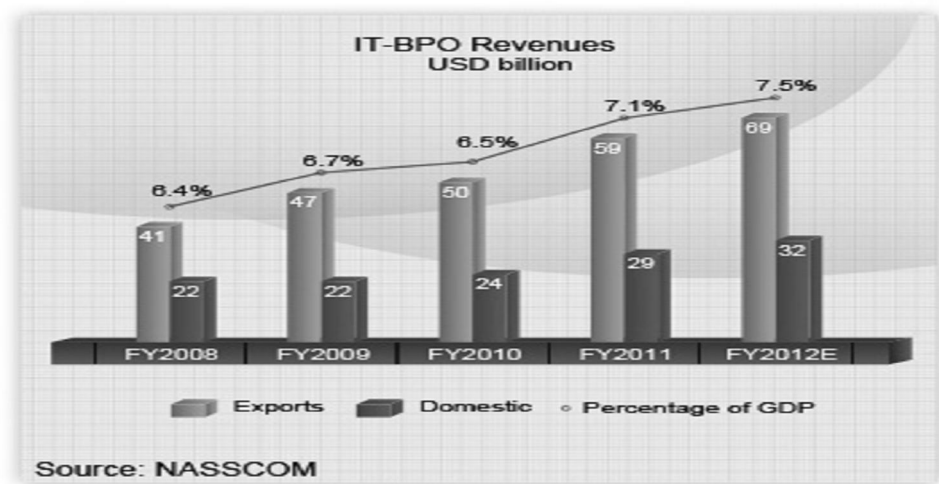
the organization. BPOs should exist with a purpose of not just making profit but serving the society and the employees. They should develop a feeling among the employees that organization exists for them. BPOs should be able to adapt the employees to the new reality and make them develop these skills. Leaders should have a compelling vision and mission whereby they are able to not just dream but also able to put those dreams into action. BPOs must be ambitious and at the same time, creative in their operations whereby they can get in new ideas and thoughts from the employees too who are at the operating end. CEOs and heads must supervise whereby they can communicate and reach every employee and feel their pulse. Further studies can be made on rewards and reorganization policies and its impact on absenteeism. The needs vary from individual to individual and hence explore how far we can apply cafeteria reward scheme and whether it would facilitate in reducing absenteeism.

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Figure- 1



Source: NASSCOM

Table- 1
Result of Hypothesis Testing

Variable	df	F/t	Sig	Result
Age	3	0.253	0.859	Accepted
Work Experience	2	0.852	0.427	Accepted
In-house Work Experience	3	4.769	0.003	Rejected
Education	4	2.026	0.067	Accepted
Marital Status	497	-0.439	0.661	Accepted

Source: Primary Data

Annexure
Details on the Profile of the Sample Respondents

Age

Total	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	17.278	3	5.759	0.253	0.859
Within Groups	11241.750	494	22.757		
Total	11259.028	497			

Work Exp

Total	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	38.591	2	19.296	0.852	0.427
Within Groups	11239.561	496	22.660		
Total	11278.152	498			

In House EXP

Total	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	316.843	3	105.614	4.769	0.003
Within Groups	10961.309	495	22.144		
Total	11278.152	498			

Education

Total	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	197.946	4	49.487	2.206	0.067
Within Groups	11080.206	494	22.430		
Total	11278.152	498			

Marital Status

Marital status	N	Mean	Std. Deviation	Std. Error Mean	T	df	Sig. (2-tailed)
1	401	50.36	4.790	0.239	-0.439	477	0.661
2	78	50.62	4.352	0.493	-0.468	116.311	0.641