

Human Resources Attrition: A Case Study on X-BPO

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Received on 15th Sep 2023, Accepted on 15th Nov 2023, Published on 31st Dec 2023

Abstract: This study focuses on the phenomenon of human resources (HR) attrition within the context of a Business Process Outsourcing (BPO) company. The objective is to comprehensively explore the causes, consequences, and mitigation strategies of HR attrition in the BPO sector. Through a case study approach, quantitative and qualitative data have been collected to delve into the intricacies of this complex issue. The study aims to provide insights that not only benefit X-BPO but also contribute to the broader understanding of HR attrition in similar industries. By analyzing the unique challenges faced by X-BPO and its efforts to navigate the evolving labor landscape, this research seeks to unfold the practical mysteries of HR attrition before HR practitioners and organizational leaders deal with attrition issues.

Keywords: *BPO, HR Attrition, Bangladesh, Outsourcing, IT Industry*

1.0 Introduction

Employee attrition, the voluntary or involuntary departure of staff from an organization, is a critical concern in today's competitive business environment. This study delves into the specific case of X-BPO, a prominent BPO company operating across multiple countries, to investigate the intricate dynamics of HR attrition within the BPO sector. The objectives of this research are to identify the underlying causes of attrition, analyze its consequences on both employees and organizations and propose effective strategies for its mitigation.

By fulfilling these objectives, this research aims to shed light on the intricate interplay between HR attrition and the BPO sector, contributing to both theoretical knowledge and practical insights. The findings of this study can guide X-BPO's efforts to address attrition challenges and inform other BPO companies seeking to enhance employee retention and organizational stability.

2.0 Methodology

Case studies involve an in-depth examination of a specific unit to draw broader conclusions applicable to a larger group of units, using similar covariational evidence as non-case study research (Gerring, 2004). It applies the observation and evaluation of processes, practices, and strategies within their specific contexts (Robson & McCartan, 2016). Also, case studies enable researchers to focus on complex topics and explore and understand phenomena more comprehensively by gathering qualitative and quantitative data (Heale & Twycross, 2018).

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Thus, for this study, quantitative and qualitative data have been collected through semi-structured interviews, observation, and accessing archival sources (company documents, staff manuals, memos, circulars, etc.). Semi-structured interviews were held with the HR team, individually and as a group. These were supplemented by a string of informal conversations, which took place over the duration of the research. For the company's data privacy policy, the company name was not revealed, and a face company name has been used.

3.0 Literature Review

Employee attrition, defined as employees' voluntary or involuntary departure from an organization, has been a significant concern for Human Resources (HR) professionals and organizational leaders. Understanding the causes, consequences, and strategies to mitigate attrition is crucial for maintaining a productive and stable workforce.

3.1 Causes of Attrition

Employee attrition, the voluntary or involuntary departure of staff from an organization, is a multifaceted phenomenon influenced by various factors. Understanding the underlying causes of attrition is crucial for HR professionals and organizational leaders seeking to reduce turnover and maintain a stable workforce.

Numerous factors contribute to employee attrition. Job dissatisfaction, lack of career growth opportunities, inadequate compensation, and poor work-life balance have been identified as primary causes (Griffeth & Hom, 2001). Organizational factors such as ineffective leadership and unhealthy workplace culture can significantly impact attrition rates (Warrick, 2017). Moreover, recent research suggests that factors such as burnout and the impact of remote work on employee engagement may also play a role (Olsen et al., 2023). The following are the vital reasons for HR attrition.

3.1.1 Job Dissatisfaction and Lack of Engagement:

One of the primary drivers of attrition is job dissatisfaction and a need for more engagement. Recent studies have highlighted the link between low job satisfaction and increased turnover intention (Teoh et al., 2016). Employees who feel disconnected from their work or perceive a lack of opportunities for growth and development are more likely to seek alternative employment.

3.1.2 Inadequate Compensation and Benefits:

Compensation plays a pivotal role in employee retention. The research underscores the significance of competitive pay and benefits packages in retaining talent (Jaiswal et al., 2023). Employees who perceive their compensation as inadequate compared to market standards are prone to explore other job opportunities offering better financial rewards.

3.1.3 Poor Work-Life Balance:

Modern employees value a healthy work-life balance, and organizations that need to provide flexibility and support may experience higher attrition rates. A recent study found that employees

experiencing work-related stress and burnout are likelier to consider leaving their current jobs (Adamopoulos & Syrou, 2022).

3.1.4 Lack of Career Growth Opportunities:

Employees seek opportunities for professional advancement and skill development. Organizations that offer clear career paths and growth prospects may need help with attrition. Recent research emphasizes providing avenues for skill enhancement and career progression (Lander et al., 2022).

3.1.5 Unhealthy Workplace Culture and Leadership:

Workplace culture and leadership quality significantly impact attrition. Employees who experience a toxic or unsupportive work environment are prone to seek employment elsewhere. Studies highlight the role of organizational culture and leadership behavior in influencing turnover (Dwiswara & Utama, 2022).

HR attrition is influenced by various interconnected factors, encompassing job satisfaction, compensation, work-life balance, career growth opportunities, and workplace culture. By addressing these causes, organizations can develop targeted strategies to reduce attrition rates and cultivate a more engaged and loyal workforce. However, a company might face dire consequences if HR attrition is not considered carefully.

3.2 Consequences of Attrition:

Attrition continues to have far-reaching effects on employees and organizations alike. High attrition rates can lead to decreased productivity, increased workload on remaining employees, and potential damage to an organization's reputation (Giermindl et al., 2022). Attrition can lead to adverse outcomes for both employees and organizations. High attrition rates can result in decreased productivity, increased workload on remaining employees, and potential damage to an organization's reputation (Allen et al., 2010). Employee morale and engagement may decline, impacting overall organizational performance. The most concerning consequences of attrition are as follows.

3.2.1 Decreased Productivity and Knowledge Loss:

One of the most immediate consequences of attrition is decreased productivity. When employees leave, their roles often remain vacant or are temporarily filled by existing staff, leading to a decline in overall output. Additionally, departing employees bring valuable institutional knowledge and skills, potentially affecting operational efficiency and innovation (Giermindl et al., 2022).

3.2.2 Increased Workload and Stress on Remaining Employees:

Attrition can result in increased workloads for remaining employees, leading to burnout and decreased morale. Recent research has highlighted the link between attrition and higher stress levels among remaining staff (Haldorai et al., 2019). The added pressure can erode job satisfaction and ultimately contribute to further turnover.

3.2.3 Disruption to Team Dynamics and Collaboration:

Employee turnover disrupts team dynamics and can hamper collaboration. Frequent departures require the formation of new teams or the integration of new members, potentially affecting the quality and effectiveness of teamwork (Li & van Knippenberg, 2021). The loss of experienced team members may also impact mentorship and knowledge-sharing within the organization.

3.2.4 Impact on Organizational Culture and Reputation:

Attrition can influence organizational culture and reputation. High turnover rates can create a perception of instability and impact the organization's internal and external image (Yasin, 2021). Employees may be discouraged from joining or staying with an organization known for turnover issues, affecting recruitment efforts.

3.2.5 Financial Costs and Resources:

Attrition carries substantial financial costs. Recruitment and training of new employees entail expenses that include advertising, interviewing, onboarding, and potential productivity losses during the learning curve (Carver-Thomas & Darling-Hammond, 2019). These costs can strain organizational resources and hinder investment in other strategic initiatives.

By recognizing and addressing these consequences, organizations can develop targeted retention strategies to mitigate the adverse effects of turnover and create a more stable and engaged workforce.

3.3 Mitigation Strategies:

To address attrition, organizations employ various strategies. Providing competitive compensation packages, clear career advancement paths, and opportunities for skill development can enhance employee satisfaction and loyalty (Ngotngamwong, 2020). Implementing effective performance management systems, regular feedback, and supportive leadership can contribute to reducing attrition (Sorn et al., 2023).

Organizations are adopting innovative strategies in response to the evolving nature of attrition. While providing competitive compensation packages and growth opportunities remains essential, recent research emphasizes the role of flexible work arrangements and employee well-being programs in reducing attrition rates (Kennedy et al., 2022). However, to mitigate the HR attrition problem, the HR department may quantify it and measure its impact on the organization.

3.4 HR Attrition KPIs:

HR attrition KPIs are quantifiable metrics used to assess the rate and impact of employee turnover. Common KPIs include Voluntary Turnover Rate (VTR), Involuntary Turnover Rate (ITR), and Average Tenure. VTR measures employees leaving by choice, while ITR accounts for terminations. Average Tenure provides an overview of how long employees stay with the organization (Pedro, 2023).

HR analytics, such as attrition KPIs, offer several advantages for HR and organizations. Attrition KPIs provide data-driven insights into turnover patterns, enabling HR to develop targeted strategies (Madhani, 2023). Furthermore, these KPIs help assess retention initiatives' effectiveness by tracking turnover rate changes over time (Madid, 2023). Understanding attrition rates aids in resource allocation, ensuring optimal staffing levels. For example, Amazon continuously uses attrition metrics to improve its work environment and employee engagement (Amazon, 2020). Microsoft employs attrition KPIs to refine employee development programs and enhance job satisfaction (Microsoft, 2021).

However, KPIs may need more context, failing to capture reasons behind turnover, such as job dissatisfaction or work-life balance (Ohlig et al., 2020). Comparing attrition rates without considering industry or regional differences can lead to misinterpretation.

3.5 HR Attrition in BPOs:

Employee attrition remains a pressing challenge for Information Technology (IT) and Business Process Outsourcing (BPO) companies, driven by unique industry dynamics. Understanding the distinct causes and consequences of attrition within these sectors is crucial for devising effective retention strategies and cultivating a skilled and motivated workforce.

The IT and BPO sectors encounter specific challenges contributing to attrition (Arora et al., 2021). These challenges include intense competition for specialized talent, rapid technological advancements, and demanding workloads (Eni et al., 2023). The most pressing following factors contribute to attrition in IT and BPO companies:

Firstly, employees often seek rapid career advancement and skill enhancement. A lack of well-defined growth trajectories can propel them to explore alternative opportunities (Kushwaha et al., 2022). Secondly, the demanding nature of roles in these sectors, characterized by tight deadlines and high-pressure tasks, can result in stress and burnout, prompting employees to consider other avenues (Namratha, 2021). Lastly, compensation is a pivotal factor in these industries. Employees may switch roles for better financial remuneration and enhanced benefits, especially if their compensation is short of industry norms (Estember & Jacob, 2019). Consequently, attrition in BPO companies gives rise to several adverse outcomes.

These sectors heavily rely on specialized skills. Elevated attrition rates can lead to the erosion of critical expertise, potentially impacting project quality and completion (Sumbal et al., 2020). Attrition disrupts client relationships and communication channels, affecting service quality and overall client satisfaction (Raj et al., 2023). Moreover, frequent turnover may hinder innovation and continuous improvement efforts, disrupting collaborative innovation processes and impeding progress (Lin & Huang, 2021). To mitigate the attrition problem, worldwide BPO companies are taking the following measures.

Career Development Initiatives. BPO companies offer well-defined career paths, continuous learning opportunities, and avenues for upskilling to elevate employee contentment (Dutta et al., 2021) and promote **Work-Life Balance**. BPOs are implementing flexible work arrangements

and initiatives to foster a healthier work-life balance to alleviate stress and enhance overall job satisfaction (Laxmi, 2022). Lastly, acknowledging and rewarding employee contributions encourages motivation, loyalty, and a sense of belonging (Schick, 2020; Taher & Senthilkumar, 2023).

4.0 The Case: X-BPO: Potential and Implementation of HR Attrition Rate

Mr. Kabir has been a part of X-BPO's Bangladesh Operation as the CHRO for nearly a year. The company began its operations in 2006 and has experienced swift growth and has established offices in the USA, Bangladesh, and El Salvador. This impressive progress led to its consistent recognition as a leading global outsourcing firm (GO100) by the International Association of Outsourcing Professionals (IAOP) since 2014.

Nevertheless, starting from the latter part of 2018, the company has been grappling with subsequent challenges related to significant employee turnover, adherence to regulations, and sustainable business approaches. During a Strategic Leadership Meeting one evening, Mr. Syed, the COO of X-BPO, communicated this to Mr. Kabir.

“We want sustainability and compliant practice for sure, but not at the price of shutting down our company. Also, we need to figure out the cost of attrition, its real impact, and control points.”

While returning from the meeting, Mr. Kabir reflects on identifying the underlying reasons for employee turnover and creating an effective strategy to address compliance issues. His goal is to ensure the company's ongoing success while also protecting the interests of shareholders.

Over the past ten years, X-BPO has emerged as a trailblazer within Bangladesh's BPO sector. With a clientele spanning key European and U.S. markets, the company employs several hundred young IT professionals from Bangladesh who operate across various countries. Its physical presence extends to Bangladesh, the USA, and El Salvador, and it was established through a collaborative effort between a Bangladeshi industrialist and a BPO specialist from the United States.

Initially focusing on the Digital Advertising domain, X-BPO has expanded its offerings to encompass Data Solutions, Validation, Customer Service, Marketing Back Office, Specialized Finance, Software Development, and Creative Solutions. The company boasts multiple certifications, including ISO 9001, ISO 27001, CMMI Level 3, and SOC2, attesting to its commitment to providing high-quality services. Interestingly, the company's original vision was more modest in scale.

During his overseas education, the company's founder became captivated by the global magnitude of IT outsourcing, particularly in the United States. This fascination led to the decision to establish a similar venture in collaboration with a U.S.-based associate with expertise in the field. Over time, the company experienced unexpected and impressive growth, surpassing its initial expectations. This success has been acknowledged through numerous awards and recognitions from various governmental and non-governmental entities.

Presently, the company is a prominent leader in Bangladesh's BPO industry. Its primary operations are in Bangladesh, with the U.S. office spearheading crucial sales and partnership endeavors. While most functions are managed within Bangladesh, support is extended by the El Salvador office.

Business process outsourcing (BPO) involves delegating different business functions to external vendors. Initially, BPO primarily referred to manufacturing firms, such as those in the beverage industry, which outsourced significant portions of their supply chains. However, the scope of BPO has expanded to encompass service outsourcing as well. In the contemporary dynamic and fiercely competitive business environment, various enterprises opt to contract out their operations, from modest startups to sizable corporations. This trend has gained momentum due to the proliferation of novel and advanced services. Outsourcing can yield substantial cost savings in operations and greatly enhance process efficiency.

Business Process Outsourcing, known as BPO, operates within the realm of the service sector. BPO is heavily centered around human-centric business activities compared to other service industries. Prominent clients entrust delegating labor-intensive and financially incentivized operational tasks to external entities. These third-party entities optimize profitability by minimizing operating expenses, engaging cost-effective resources, and optimizing operational scale.

Workers within this framework receive a fixed monthly salary, while their efforts generate foreign currency for the company on an hourly basis. The company is committed to delivering uninterrupted services to its clients, operating around the clock every day of the year.

The central strength of this enterprise lies in its ability to provide cost-effective labor resources and operate with minimal expenses. Additionally, the business's sustainability is delicate, hinging on its client base without involvement in creating products or services.

As per a research report by Grand View Research, Inc., the anticipated trajectory for the global market of business process outsourcing (BPO) indicates a size of approximately USD 435.89 billion by 2028. This projection entails a compound annual growth rate (CAGR) of 8.5% throughout the forecast period. The impetus behind this growth stems from the imperative to curtail operational expenses related to non-essential functions, coupled with a heightened emphasis on refining core proficiencies across various sectors of use.

In the domain of BPO, India and the Philippines emerge as predominant players, boasting substantial market valuations of over USD 8.7 billion and USD 55 billion, respectively. However, recent times have witnessed other nations like China, Bangladesh, and Vietnam expressing an interest in expanding their footprint within this sector.

Harnessing the advantage of a demographic dividend, the ICT sector in Bangladesh has experienced a remarkable upswing, benefiting from having more than half of its population in the prime working age bracket. Demonstrating a robust growth trajectory, the country's ICT industry has achieved an annual expansion of 40% since 2010. This momentum is primarily propelled by

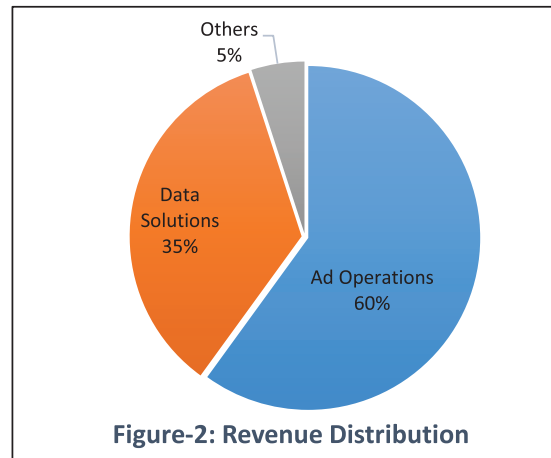
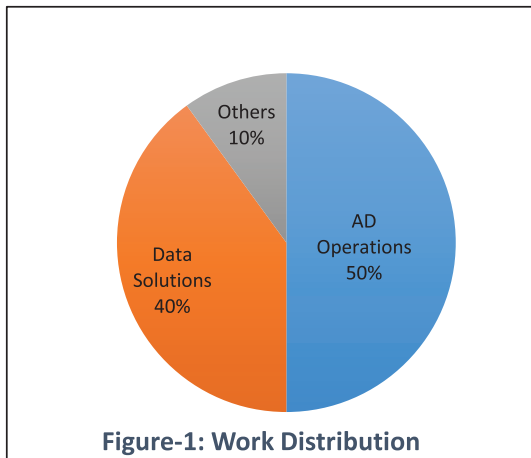
the presence of a substantial number of youthful entrepreneurs and their fervor, amplified by the government's heightened emphasis on fostering a 'Smart Bangladesh.'

The current valuation of Bangladesh's domestic IT and IT Enabled Service industry stands at nearly 1.1 billion USD, with an ambitious governmental vision to elevate it to 5 billion USD by 2021. The country boasts an impressive count of over 4500 registered software and IT-ES companies. As a result, Bangladesh is progressively endeavoring to tap into the expansive global BPO market.

The primary clientele of local enterprises predominantly encompasses US brands, with a smattering of firms from the UK and Australia. Presently, there are approximately 41 prominent BPO entities in Bangladesh. However, a substantial portion of these companies are relatively nascent in this domain, with the lion's market share being dominated by the top 10 establishments. As the market widens its horizons, domestic competition naturally follows suit.

Service Composition of X-BPO

The key advantages offered by X-BPO encompass activities such as advertising services, data solutions, media planning, and quality assurance, among others. However, the primary revenue streams stem from their advertising operations and data solutions, accounting for approximately



60% and 35% of their overall earnings (refer to figures 1 and 2). X-BPO has engaged with numerous global brands, particularly within the multimedia domain, and boasts a worldwide footprint spanning across six continents.

The Mystery of Attrition at X-BPO

On a Monday morning, as Mr. Kabir, CHRO, opened his mailbox, he found the following mail from one of the company's shareholders who lives in the USA:

“Dear Mr. Kabir and Team,

Firstly, a great meeting today. It was so good to see everyone, as it’s been too long.

I have mentioned over the years that the invisible/silent thief of BPO profit is ATTRITION.

The top two reasons for people leaving are (based on research data and books written):

1. Poor managers and
2. Low compensation (salary, bonus, benefits)

However, it is so invisible unless managers are forced to measure and take action, they don’t do – because they can’t see.

Allow me to make it visible.

In 2020, attrition cost an additional expense of 5 months x \$325/month x 288 employees = \$468,000.

Plus...

In 2020, revenue lost = 5 months’ x \$1088 = \$5,440 x288 = \$1,566,720

Assumptions:

Attrition = All employees that need to be replaced.

Employee Cost = \$325/month (2020 Company Financials)

Time to recruit, interview, hire, train, and get production ready = 5 months.

Employee Revenue = \$1,088/month (2020 Company Financials)

Note: I used all employees as it is easier to calculate. Using only billable is far more complicated, and we don’t keep the score for attrition that way.

Here are the numbers:

<u>Year</u>	<u>Attrition (includes all employees that need replacements)</u>
2015	18% (Attached Report)
2019	39% (298/766)
2020	34% (288/842)

Note:

1. Almost all BPO Companies have attrition problems.
2. Ours will worsen as BD continues its’ rapid success to improve quality of life.
3. Exit interviews are good, but sometimes people don’t tell the whole story.

Suggestions:

1. Need to measure attrition – “can’t manage what is not measured.”
2. Need to measure attrition by a manager - who needs help and improvement and who should not be a manager.
3. Attrition never goes away - we can only make it better by carefully managing.

Final Comment (My opinion): One proven path to increased EBITDA in the BPO business is to reduce attrition. Not as visible as:

Lower compensation, fewer employees, decreased bonuses, etc. but far more effective in the long run.”

Mr. Kabir found himself somewhat taken aback by the email, prompting him to view the situation from an alternative angle. He dedicated a period to reassessing the present circumstances, and after thorough contemplation, his eventual reply was as follows:

“Dear Sir,

Good day.

We want to thank you for your kind initiative and continuous guidance in improving the overall strength of our business. The attrition facts and calculations you shared are very much factual and insightful. However, we want to draw your attention to some other side of attrition which may not have been conveyed to you before by the concerned team-

1. As you said, attrition is a natural process in any organization. It cannot be erased or stopped totally. Each industry has its own attrition benchmark, and to be honest, for the BPO industry high attrition rate is accepted worldwide.
2. Among every 100 people, due to the nature of the operation, there will be only a 10% upward/leadership ladder. That means for a specific period of years, 1 in every ten employees shall get a promotion or finally become a team leader or manager. The rest nine people will have to do regular BPO operations where our hourly rate is fixed.

For example, an employee is getting BDT 15,000 salary today and earning X USD hourly. After five years, his salary will be BDT 24,157 (assuming a 10% average yearly increment), but his hourly income will be the same X USD. Thus for five years of continuous zero attrition of 90% of employees, salary cost will increase by around 61% for the same hourly income. Therefore, sometimes a moderate attrition at the operational level is desired in the BPO industry where the client rate is decreasing to that encouraging amount.

3. Employee costs of financials are mostly fixed in nature. Such as space rent, utilities, software licensing, etc., are fixed in nature. This means we have to bear this amount whether there are 100 people or 133 (33% Attrition) people. The major heads of attrition cost calculations are:

- Vacant Position Coverage Costs- (Normally, vacant positions are covered by the bench, and bench are from trainees. Thus, we barely lose income due to attrition-related vacancy position coverage)
- Cost to Fill the Post- (For Job Advertising, the company expands very minimum logistics costs and no additional HR costs)
- Cost of Training- (We need not hire any additional training experts; our existing training teams are facilitating the training)
- Separation costs- (HR is managing within the regular operational scope without any additional hourly cost)
- Replacement costs- (HR is managing within the regular operational scope without any additional hourly cost)

Thus, most of the calculation heads of attrition are intangible costs, the cost that did not increase or decrease with attrition. That cost is almost fixed in nature for running an operation of 1000 employees. Thus, the final calculated cost of attrition is mostly a valuation cost, not a real tangible cost.

For vice versa understanding, if there is theoretically 0% attrition, can we add the calculated attrition cost in our balance sheet as an additional income? The answer is No. Similarly, shall we be able to reduce operational costs significantly? Again, the answer is No.

4. Regarding low compensation, as you mentioned as the cause of attrition: As you know, high attrition is global BPO industry nature since our core competency is low-cost resources. Fresh graduates are being recruited, working for a maximum of 1 or 2 years, and leaving for better careers. As we cannot guarantee the stay of any client for 20 years, thus we also cannot guarantee the career of any person for 20 years in our company.

Even if we hire the same resource on extra payment, they will probably not stay with us in the long run because they have emotional issues, like our business is client dependent and they don't feel secure here to stay for a long time. Most employees treat our company as a parking option after finishing their education, and once they get a career-oriented job, they switch. Thus, we have to move forward, considering attrition as a part of our industry nature. In addition, our HR team has started a salary survey project for inside the BD BPO industry, including a long-term benefit package. We shall propose a best-fit salary and benefits package to our shareholders in the future.

5. You mentioned poor management as the main cause of attrition: I want to say that for the last 15 years, our company has been growing with the contribution of some key employees. They basically lead the growth and client onboarding of the company. Our managers are very much skilled in ad-hoc situational leadership, managing operations with a very young, low-paid, and unstable workforce and managing all kinds of client demand with limited resources. On the contrary, attrition is not an outcome of a single issue; it is related to various aspects of the HR market. Thus,

we highly recommend keeping your trust and continuous support over our existing managers.

Finally, we admit that attrition is obviously a fact we should take into consideration. We have scaled up three main points, which will help us to reduce attrition number overtime:

- Sustainable business practice with own product and service.
- Effective employee engagement with long-term benefits and career path
- Effective and sustainable employer branding and ensuring compliance.

We shall gradually work on each point and develop mitigation proposals for shareholder's evaluation.”

To sum up, one of the companies's shareholder is thinking that the attrition is high and should be properly taken care of immediately, whereas there is also some logical points and evidence in favor of high attrition in the BPO industry. So, both sides of the story need to be considered.

The Controversy of Labor Law for the IT Sector in Bangladesh

The significance of labor and industrial regulations holds immense importance across all sectors. The overall economic vitality of a nation hinges significantly on the industrial landscape. Moreover, the evolution of an industrial domain encompasses pivotal elements such as local investment policies, foreign direct investment strategies, and labor administration.

In Bangladesh, labor regulations were formally introduced through the Bangladesh Labor Act of 2006. This legislation was primarily designed to focus on the garments and textile sector, which held prominence during that era. Frameworks for compensation, working hours, leave arrangements, and incentives were predominantly shaped by industrial production norms.

Even with the diversification of Bangladesh's industries, including the burgeoning IT sector, evident disparities emerged between the nature of the industries and the existing regulations. The dynamic and swiftly evolving nature of technical outsourcing contradicted the conventional confines of a 9-to-5 work model or the rigid labor structure of factory environments.

The IT industry necessitates adaptable work hours due to the prevalence of human-centric services. Furthermore, the intensely competitive nature of this sector renders it more volatile and uncertain. The industry exhibits a wide spectrum of cost and compensation structures, accompanied by varying attrition rates and job transitions. A significant proportion of the workforce, largely consisting of individuals in their twenties and thirties, adds dynamism as their ambition drives them to pursue better opportunities persistently. Consequently, adhering to many provisions outlined in the Labor Act 2006 poses challenges for this domain.

It's worth noting that while the labor law was intended to encompass all employment types, there were exceptions outlined in Section 2 of the Labor Act 2006. These exclusions included government

institutions, non-profit healthcare facilities, and educational and research establishments. The classification of white-collar and blue-collar roles presents inconsistencies, and the vague nature of certain job descriptions that fall in between, a circumstance relevant to several positions within the IT sector.

Effectively managing labor is pivotal for the progression of the IT industry. Thus, modifying the law to align with the industry's requirements and characteristics is imperative. Notably, industry leaders have raised concerns about this issue at the governmental level, and collaborative efforts are underway to address the matter. Mr. Kabir is actively overseeing these developments and advocating for a judicious and pertinent update to the existing legislation.

Current HR Practice and Key Points of to be Compliant

Mr. Kabir has identified numerous causes for employee turnover. He believes that addressing these issues is feasible by aligning the company's overarching HR strategies with labor regulations. This includes providing extended benefits, cultivating ergonomic and employee-friendly workspaces, and establishing a conducive environmental framework. These focal areas represent the cornerstone of Mr. Kabir's ongoing analytical assessment [see Table-1].

Table-1: BPO HR Practices in Contradiction to Bangladesh Labor Law

Sl.	Item Brief	Company Practice	Labor Inspector's Remarks
1	Working hour/Shift	9 hour per shift including 1 hour brief	A day means 24 hours, thus 3 shift in a day cannot be more than 24 hours.
2	Annual Leave	Not enjoyable, only en-cash able during separation for 12 days against each 1 year of completed services	Annual leave cannot be carried forward for more than 60 days. 50% of each year entitlement is enjoyable to next year
3	Sick Leave	8 days per year	14 days per year
4	Provident Fund	Not exists.	Need to introduce upon application of majority of employees
5	Service Benefit/Gratuity Fund	Not Exist	Need to provide as per labor law
6	Working on Festival Holiday	Company provides a package of 10000/=BDT per employee for working during Eid Holidays	Local law requires overtime basis payment with additional 2days leave.
7	Establishment	Company is operating in a residential building.	It requires to shift into commercial building/location
8	Profit Share	At this moment there is not profit share option	Law required to share 5% of net profit on each year.

He has additionally examined a selection of recent exit interviews. Despite employee turnover being a prevalent occurrence within this sector, he aims to gain a more comprehensive insight into the matter. Typically, the company assesses exit interviews based on five distinct criteria:

- a. Job/Working conditions
- b. Nature of job
- c. Work Relationships
- d. Salary/Employee Benefits
- e. External Factors

Mr. Kabir has identified the primary drivers of attrition as the pursuit of improved compensation or job opportunities, as well as the pursuit of further education. While addressing the latter concern may be complex, there is certainly room for improvement in the former scenario.

Being an IT company, the organization's management confronts significant challenges in integrating compliant practices. Firstly, to sustain a 24-hour, 3-shift operation, the company presently necessitates a minimum of 40% additional backup staff and fully compensated trainees to account for various forms of leave, absences, holidays, and unforeseen situations. Department heads have communicated to HR that if an extra 6 days of sick leave and 6 days of annual leave are incorporated, resulting in a cumulative extra 12 days of leave, it would mandate recruiting an additional 10% bench resources to maintain seamless client services while adhering to the same work schedule and overtime strategy. Considering that salary expenses constitute a substantial portion of the business's costs, the inclusion of this extra 10% of full-time personnel would lead to a loss of nearly 1% from the annual net profitability.

Currently, approximately 20% of the total workforce possesses an excess of 100 days' worth of accumulated annual leave. If the company intends to include a maximum of 60 days of encashable annual leave balance, it faces two options: either compensating employees for this accrued balance while implementing new regulations, or disregarding this balance without providing compensation. Opting for the latter course of action would notably impact numerous middle and operational managers, while the former option would entail a lump-sum payment equivalent to five years' worth of total companywide salaries. This particular course of action would lead to a roughly 6% reduction in the company's net profitability for the current year.

Additionally, both provident fund and gratuity obligations would add a supplementary 60% to the present salary cost over the subsequent five years. This projection potentially places the business in a zero-profit scenario within five years, assuming a static or less than 8% annual growth rate, under the premise that the business environment remains unchanged.

During a coordination meeting, several departmental managers presented arguments in favor of employee-centric points and those that could potentially undermine their interests, such as the issue of annual leave balance and its encashment. Shifting the entirety of the company's operations from the current establishment to a new commercial site would necessitate a fresh investment of at least 80 Million BDT. Such a move would render the company unprofitable for the ensuing eight years with the current revenue inflow, following the settlement of investment and financing costs. Additionally, profit sharing is a contentious subject, as investors are apprehensive about its

implementation. The norm within the IT sector does not typically involve profit sharing, and its adoption could considerably erode profitability and the company's competitive edge by elevating costs.

In light of the aforementioned scenario, Mr. Kabir is looking at his options to address the following key issues:

- How would Mr. Kabir approach the challenge of attrition, both from internal and external perspectives, and what measures would he consider enhancing the company's sustainability over the next five years?
- In relation to the Bangladesh Labor Act 2006, how would Mr. Kabir evaluate the existing HR practices?
- How would he create a well-balanced approach for HR to incorporate compliant practices while ensuring the company's long-term profitability and sustainability?

Conclusion

HR attrition remains a complex issue with multifaceted causes and consequences. Organizations must adopt a holistic approach to minimize attrition rates and promote a positive work environment that fosters employee engagement, satisfaction, and growth. The challenge of HR attrition persists with its multifaceted causes and consequences.

HR attrition KPIs are indispensable tools for organizations aiming to manage turnover effectively. By defining KPIs, understanding their benefits and pitfalls, exploring use cases, and examining real-world examples, HR professionals can strategically address attrition and create a more engaged and stable workforce.

Attrition in BPO companies is driven by challenges unique to these sectors, such as intense competition for talent and evolving technologies. The consequences of attrition include skill loss, disrupted client relationships, and potential innovation setbacks. By addressing the causes and implementing tailored retention strategies, these industries can foster a more stable and engaged workforce.

Organizations must remain proactive in adopting adaptable approaches to minimize attrition and create a work environment that fosters continuous employee engagement, satisfaction, and growth.

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