



## AN EMPIRICAL ANALYSIS OF EMPLOYEE BENEFITS WITH REFERENCE TO BPO SECTOR IN INDIA

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### Abstract:

BPO (Business Process Outsourcing) is the ITES (Information Technology Enabled Services) sector's fastest expanding sub segment in India, and provides human resources to the industries. The success of employee in competitive BPO sector will reflect on efficiency and effectiveness, and their satisfaction scales with workforce competency is correlated physically and psychologically. The employee benefits like pay, welfare, retirement and programs aid in maintaining strong employee morale and motivation, resulting in an effective, devoted, and content workforce for the organization resulting in a productive organisation to deliver better than competitors. This can only be accomplished by having appropriate welfare policies and practices in place.

All BPOs are finding difficult to manage attrition which made the HRD either actively recruiting new employees or attempting to reduce attrition. Therefore, it becomes vitally crucial to comprehend how former workers see the employee pay benefits, welfare, recreational and retirement benefits of their organizations. With the use of an analysis of former employees' levels of satisfaction and the most important elements influencing contentment and unhappiness, this research intends to investigate the situation of employee welfare in the BPO sector in India. The report cites possibilities for career advancement and skill training & development as the two main areas for improvement for employee welfare in BPOs in India.

This study has taken 295 employees by applying convenience sampling through the structured questionnaire and analyzed with statistical tool of Chi – Square test, Weighted Average and K-S test, and found the results that the employees of BPO sector are satisfied with the Fringe Benefits provided by the organization as these were not provided, and the employees who left the organization were highly dissatisfied with the state of skill development and career growth opportunities. These areas require focused attention and efforts from BPO organizations, and Employee satisfaction was found to be greater than average for things like pay, benefits, and work-life balance.

**Keywords:** BPO Industry, Employee Welfare, Career Growth, Operational Efficiency, & Attrition.

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## 1. Introduction

Every organization needs to have well-trained and experienced people to perform the activities. If the potential job occupant can meet this requirement, training becomes easy. As the jobs become more complex, the importance of employee training increases and time taking. Employee training is a specialized function and is one of the fundamental operative functions for human resources management.

Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. In other words, training improves, changes mold the employee's knowledge, skill, behaviour, aptitude and attitude towards the requirements of the job and organization. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization, to acquire and apply the knowledge, skills, abilities and attitudes needed by a particular job and organization.

General labor welfare means "efforts to make life worth living for workmen" Factories act 1948 provides various labor welfare measures and it applies to all establishment employing 10 or more workers where power is used and 20 or more workers where power is not used, and where manufacturing process is being carried on. It provides for the following,

- a) Labor welfare officers
- b) Health of workers
- c) Safety and welfare of workers.

Welfare health and safety measures is the combination of psychological and environment circumstance that cause a person to truthfully to say I am satisfied with organization which provides welfare schemes, health schemes, safety equipment and safety education. A welfare, health and safety measure are a set of favorable or unfavorable feeling with which Employees view their attitude. Extensive research conducted on welfare, health and safety measure has indicated the factors such as.

- a) Overall satisfaction about welfare, health and safety measure
- b) Relation with welfare officers
- c) Available of the protection
- d) Method of safety education

### 1.1. The Business Process Outsourcing (BPO)

Industry is one of the largest employment providers in India. BPOs have generated an estimated half-a-million jobs, employing people mostly in the 20-35 age groups, and these numbers are still showing an increasing trend. Count of people who are directly affected by the Indian call center industry is an estimated 1.5 million Indians including dependents. For a vast majority of them, the BPO

industry is a boon as it has given employment and enabled them to earn better salaries than was possible previously.

The BPO industry has regulation issues and has grown unchecked over the past years due to lack of clear labor guidelines for BPOs. Human resource management is the major challenge faced by BPOs owing to high attrition rates and most BPO Human resource departments are either busy recruiting or trying to control attrition. Attrition rate can be directly linked with state of employee satisfaction from welfare policies and practices of the organization.

**1.2. Employee welfare** includes all those activities which are directed towards providing certain benefits and facilities to employees encompassing social and economic contents in addition to regular wage or salaries. Owing to extremely competitive nature of BPO industry, need to achieve operational efficiency is the key driver to success in this industry which in turn is directly proportional to the efficiency and competence level of its employees. Employee welfare measures help in keeping morale and motivation of the employees high so as to create efficient, loyal and satisfied labor force for the organization in order to deliver better than others and this can only be achieved by having appropriate welfare policies and practices in place.

### 1.3. BPO Industry in India:

Business process outsourcing (BPO) is a broad term referring to outsourcing in all fields. A BPO differentiates itself by either putting in new technology or applying existing technology in a new way to improve a process. It is the delegation of one or more IT-intensive business processes to an external provider that in turn owns administers and manages the selected process based on defined and measurable performance criteria. BPO is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry.

Few of the motivation factors as to why BPO is gaining ground are:

- Factor Cost Advantage
- Economy of Scale
- Business Risk Mitigation
- Utilization Improvement

Generally outsourcing can be defined as - An organization entering into a contract with another organization to operate and manage one or more of its business processes.

**1.4. Different Types of Services Being Offered by BPO's**

- Customer Support Services
  - Technical Support Services
  - Telemarketing Services
  - Employee IT Help-desk Services:
  - Insurance Processing
  - Data Entry Services / Data Processing Services:
  - Data Conversion Services
  - Scanning, OCR with Editing & Indexing Services:
- i. WNS Group
  - ii. Wipro Spectra mind
  - iii. HCL Technologies
  - iv. Daksh e-Services
  - v. ConvergyS
  - vi. Zenta
  - vii. ICICI One source
  - viii. MphasiS

- Book Keeping and Accounting Services
- Form Processing Services
- Internet / Online / Web Research

**Business Process Outsourcing: The Top Rankers**

WNS has emerged as the top BPO in India, pushing Wipro Spectra mind to the second position, according to a survey done by **NASSCOM**. The basis of ranking is the revenues generated by the BPO companies, as per US GAAP. A list of top fifteen BPO companies in India is given below.

- ix. EXL
- x. Tracmail
- xi. GTL Ltd.
- xii. VCustomer
- xiii. HTMT
- xiv. 24/7 Customer
- xv. Sutherland Technologies

**REVIEW OF LITERATURE:**

**Ramya.T. J , Bhavani shree Arepalli , Dr. Lakshmi (2016)** stated that Majority of the employees are satisfied with medical advantage, rest rooms, canteen facility, drinking water, sanitary and safety measures provided by the company. Employees are not happy with extra - time allowances are incorporated in the salary. Which proves that welfare measures play a key role in ensuring satisfaction of employees and a healthy and productive environment within the organization.<sup>1</sup> **Mishra & Bhagat (2014)** in "Principles for Successful Implementation of Labour Welfare Activities", stated that employee absenteeism in Indian industries can be considerably reduced by having provisions for welfare facilities as satisfied and happy employees are loyal employees while unsatisfied employees bare a liability for any organization.<sup>2</sup> **Dr. Tiwari (2014) stated that VTL Rewa (M.P.)**. has been found to be providing all basic facilities to the employees and also comply with the rules and regulation of state and Indian Government. The average mean score and percentage score of the overall of 22 items has been computed at 3.64(66%). The most important factors contributing to fairly good scores are, educational facility to children, traveling facilities to employee's family, canteen facility, salary revision, insurance coverage against accidents on work place, clean and safe drinking water, Primary health care facility, Necessary measures for prevention of any accident at workplace, proper ventilation & lighting provided by the company at work place.<sup>3</sup> **Prabhakar (2013)** did research at Don Bosco college and stated that employees of

Don Bosco College are very satisfied with intramural facilities. In some areas like extramural facilities and non- statutory facilities there is a need of improvement.<sup>4</sup> **Nanda and Panda (2013)** in their research at Rourkela Steel Plant found that the plant offers many welfare activities for its employees which have created a happy and productive working environment within the organization. Many welfare schemes like medical insurance, death insurance, housing and transportation facilities, recreation facilities etc. are provided by the organization to all employees in order to maintain healthy industrial relations.<sup>5</sup> **Srinivas (2013)** found Bosch limited, Bangalore provides most of the welfare facilities like medical, canteen, safety measures etc., and employees are highly satisfied with the welfare measures being offered by the company.<sup>6</sup> **Sindhu (2012)** emphasized that employee welfare policies result in increasing the overall productivity of organization and also promote healthy industrial relations required for maintaining industrial peace. Welfare facilities are required to maintain a high morale of employees. By providing basic facilities like good canteen facilities, clean drinking water, clean restrooms and hygienic wash rooms and bathrooms, periodical medical checkups, health insurances and grievance handling, employers can ensure high satisfaction level of employees which eventually results in faster growth of organizations.<sup>7</sup> **Turner et al. (1968)** in their study of labour relations in Motor Industry found that there is a markable rise in the number of industrial disputes and strikes in British car industry as institutions failed to meet the expectations of workers' class. This study further revealed that industrial relations are strained due to lack of

understanding between workers and management and these two parties need to find a solution jointly and with mutual cooperation.<sup>8</sup>

## 2. RESEARCH METHODOLOGY:

**2.1. Research Gap:** Though many studies have been conducted on employee welfare covering various aspects but specific study for BPO sector is missing. No study has been conducted on level of satisfaction of former employees or their perception about state of Employee pay benefits, welfare, recreational and retirement benefits of their previous organization which attracts huge attrition rate in this industry.

### 2.2. Research Objectives:

- To study the employees rating of security, safety and health, welfare and recreational and old age and retirement benefits.
- To study the satisfaction level of employees with pay – benefits (monetary and non- monetary), welfare & recreational facilities and old age & retirement benefits for boosting their morale

**2.3. Methodology:** This study includes the empirical research of 15 BPOs in which researcher limited to HCL Technologies only where a chosen age below 35 years employees. A structured questionnaire with Likert scales of 1 to 5 ratings in which there are definite, concrete, and predetermined questions relating to the aspect, for which the researcher collected the data of 295 through the personal contact & emails, G-forms, and the convenience sampling technique was used from homogenous variable for the study, and analyzed the data by using statistical tools of Weighted Average, Chi-Square test, Kolmogorov – Smirnov test.

### 2.4. HYPOTHESIS:

**H1:** There is no significance between Experience wise Classification and Pay Benefits Given by the Company to Respondents.

**H2:** There is no significance between Age wise classification of respondents and satisfaction level with welfare and recreational facilities provided by the company

**H3:** There is no significance between Opinion about Health Benefits and Old Age Retirement Benefits Given by the Organization to Their Employees

**H4:** There is no significance between Opinion about Health Benefits and Old Age Retirement Benefits Given by the organization to Their Employees

**2.5. RESEARCH SCOPE:** From this study on fringe benefits given by the company to the employees, it was found that no female employees were there;

only 4% of them have UG as educational qualification. Employees prefer shoe as safety materials at work place and they have not been provided with fitness gym, homeopathy dispensaries and company hospital not provided with transport consumer and credit societies. The call center industry has become a significant employer, yet it is also true that staff churn is highest in this sector and this is limited to only HCL tech. in India.

## 3. RESULTS

By applying the CHI-SQUARE TEST the following results were found such that degree of freedom =  $(r-1)(c-1) = (5 - 1) (6 - 1) = 20$ , Table value of chi-square at 5% level of significance for (dof=20) = 31.4 . Therefore the Calculated value of chi- square (24.16) is greater than the table value of Chi-square (31.4). Hence null hypothesis (Ho) is Accepted so that “there is no significant relationship between number of years of experience and pay allowances given by the organization”,By applying the CHI-SQUARE TEST the following results were found such that, Degree of freedom =  $(r-1) (c-1) = (5 - 1) (5 - 1) = 16$ , Table value of chi-square at 5% level of significance for (dof=16) = 26.296, and “there is no significant relationship between age of employees and recreational facilities given by the organization to them”.

By applying the K-S Test TEST the following results were found such that , .  $D(\max) =$  Calculated value = 0.002, Table value at 5% level of significance =  $1.36 / \sqrt{n} = 1.36 / \sqrt{295} = 1.36 / 17.17 = 0.079$ . Calculated value is less than table value, which significantly proved that the null hypothesis is accepted and alternate hypothesis is rejected so that there is significant difference between Health benefits and old age retirement benefits given by the organization to their employees.

## 4. DISCUSSIONS

42% of the employees are in the Age-group of 21 – 30 yrs while 9% of them are in the Age-group of 41-50 yrs. All employees are male employees. 29% of the employees have 12<sup>th</sup> as educational qualification, 25% of them have ITI as educational Qualification and 4% of them have UG as educational Qualification. 30% of employees has experience of 6 – 10 yrs, 26% of them have experience of 5 yrs and below and 11% of them has experience of 21 – 25 yrs. 52% of the employees are satisfied with pay and allowances provided by the organization and 4% of them are neither satisfied nor dissatisfied while none of them are satisfied with pay and allowances. 38%

of the employees say that, they are given pay benefits and 15% of them say, that they are given 'Paid Vacation' as pay benefit.

48% of the Employees are satisfied with the pay benefits provided to them, 8% of them are neither satisfied nor dissatisfied with pay benefits and none of them are dissatisfied. 43% of the Employees feel that, Physical and Job security provided to them will promote security to Employees and his family. While 6% of them neither agree nor disagree with it. 92% of employees feel that working conditions provided to them are sufficient while 8% of employees feel that working conditions provided to them are insufficient.

94% of employees feel that, they are provided with safety materials while 6% of employees say that, they are not provided with safety materials. 37% of employees prefer cotton cloth and 10% of them prefer shoe as safety materials at work place. 33% of the responses say that they have not been provided with fitness gym, homeopathy dispensaries and company Hospital. 35% of the employees agree that health benefits provided will help them in protecting their health while 5% of them highly agree with this and 32% of them disagree with this. 58% of the employees say that they give outpatient Treatment, while 29% of employees say that they are given the medical Benefit by making doctors visit the home insured person.

30% of the employees say that company provides emergency care while, 11% of the employees say that company provide on the job Treatment for minor treatment. 77% of the employees prefer ESI services while 11% of them prefer Health counseling programs to be provided by the company. 33% of the responses say that they have not been provided with Transport, consumer and credit societies. 53% of the employees are satisfied with welfare and recreational facilities provided by the company while 12% of them are Neither Satisfied nor Dissatisfied. 47% of Employees are highly satisfied with old ag and Retirement benefits provided by the company while 11% of employees are Neither satisfied nor dissatisfied with them. 48% of employees say that, they are provided with Diwali gifts while 6% of employees

say, that they are provided with Christmas gifts.

50% of the employees are have rated employee security measures provided by the company as good while 13% of employees have rated it has fair. 58% of employees have rated the health and safety measures provided by the company as very good while 13% of employees feel that they are fair. 55% of employees have rated the welfare and recreational facilities provided by the company as very good while 8% of employees feel that they are fair. 52% of employees have rated the old age and retirement benefits provided by the company as very good while, 8% of employees feel that they are fair. 59% of employees have rated the payment for time not worked provided by the company as, very good while feel 8% of them rated as fair. 37% of employees say that they are provided with calendar while 6% of employees says that they are provided with chairs as non – monetary reward.

## 5. CONCLUSION:

This study makes an effort to determine employee satisfaction levels from the viewpoint of former employees whose satisfaction was found to be greater than average for things like pay, benefits, and work-life balance, and Career Growth & Opportunities and Skill Development & Training were determined to be below average. The results imply that organizations need to do more to help people develop their skills, advance their careers, and experience a positive organizational culture. It can be safely concluded that employees who left the organization were highly dissatisfied with the state of skill development and career growth opportunities and that these areas require focused attention and efforts from BPO organizations. The majority of respondents gave their respective organizations lower ratings in these three categories. From the in-depth analysis on the data ascertained from the study conducted, we can state that the employees of BPO sector are satisfied with the Fringe Benefits provided by the organisation. Even though they are satisfied, the level of satisfaction is low in certain area based on the findings of the study suggestions and recommendations were made for increasing the benefits of employees.

Table1: Observed Frequency :

Experience	5 yrs & below	6 – 10 yrs	11 – 15 yrs	16 – 20 yrs	21- 25yrs	26 Yrs & above	Total
Highly satisfied	27	27	17	24	7	0	130
Satisfied	48	55	26	19	22	0	142
Neither satisfied nor dissatisfied	3	5	6	5	4	0	23

Dissatisfied	0	0	0	0	0	0	0
Highly Dissatisfied	0	0	0	0	0	0	0
<b>Total</b>	<b>78</b>	<b>87</b>	<b>49</b>	<b>48</b>	<b>33</b>	<b>0</b>	<b>295</b>

Source of Table1: Author(s)

Table2: Expected Frequency:

Experience	5 yrs & below	6 – 10 yrs	11 – 15 yrs	16 – 20 yrs	21- 25yrs	25 Yrs & above	Total
<b>Opinion</b>							
Highly satisfied	34	38	22	21	15	0	130
Satisfied	37	42	24	23	16	0	142
Neither satisfied nor Dissatisfied	6	7	4	4	3	0	23
Dissatisfied	0	0	0	0	0	0	0
Highly Dissatisfied	0	0	0	0	0	0	0
<b>Total</b>	<b>97</b>	<b>87</b>	<b>50</b>	<b>48</b>	<b>33</b>	<b>0</b>	<b>295</b>

Source of Table2: Author(s)

Table3: Calculation Of Chi-Square Value

O	E	O-E	(O – E) <sup>2</sup>	(O – E) <sup>2</sup> E
27	34	-7	49	1.44
27	38	-11	121	3.18
17	22	-5	25	1.14
24	21	3	9	0.43
7	15	-8	64	4.2
48	37	-11	121	3.27
55	42	13	169	4.02
26	24	2	4	0.17
19	23	-4	16	0.70
22	16	6	36	2.25
8	13	-5	25	1.92
6	4	2	4	1
9	7	2	4	0.44
			$\chi^2 =$	<b>24 .16</b>

Source of Table3: Author(s)

Table4: Observed frequency:

Opinion	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly Dissatisfied	Total
<b>Age ( Yrs)</b>						
20 & below	28	53	7	0	0	<b>88</b>

21 – 30 Yrs	53	61	9	0	0	<b>123</b>
31 – 40 Yrs	13	31	12	0	0	<b>56</b>
41 – 50 Yrs	9	11	8	0	0	<b>28</b>
<b>Total</b>	<b>103</b>	<b>156</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>295</b>

Source of Table4: Author(s)

Table5:

Opinion Age ( Yrs)	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly Dissatisfied	Total
20 & below	31	47	11	0	0	<b>88</b>
21 – 30 Yrs	43	65	15	0	0	<b>123</b>
31 – 40 Yrs	20	30	7	0	0	<b>56</b>
41 – 50 Yrs	8	15	3	0	0	<b>28</b>
<b>Total</b>	<b>103</b>	<b>156</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>295</b>

Source of Table5: Author(s)

Table6: Calculation of Chi-Square Value:

O	E	O-E	(O – E) <sup>2</sup>	$\frac{(O - E)^2}{E}$
28	31	-3	9	0.29
53	47	6	36	0.76
7	11	-4	16	1.45
53	43	10	100	2.3
61	65	-4	16	0.25
9	15	-6	36	2.4
13	20	-7	49	2.45
31	30	1	1	0.033
12	7	5	25	3.57
9	8	1	1	0.125
11	15	-4	16	1.067
8	3	5	25	8.38
			$\chi^2 =$	<b>23.025</b>

Source of Table6: Author(s)

Table7:

Opinion	Highly satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied / Highly dissatisfied	Total
<b>Health benefits</b>					
<b>Highly Agree</b>	68	33	7	11	<b>119</b>
<b>Agree</b>	54	47	16	8	<b>125</b>
<b>Neither Agree nor Disagree</b>	6	5	5	5	<b>21</b>
<b>Disagree / Highly Disagree</b>	10	8	6	6	<b>30</b>
<b>Total</b>	<b>138</b>	<b>93</b>	<b>34</b>	<b>30</b>	<b>295</b>

Source of Table7: Author(s)

Table8: Calculation of Weight Average

Opinion	Highly Satisfied			Satisfied			N S N D S			Dissatisfied/highly dissatisfied		
	X	W	W <sub>x</sub>	X	W	W <sub>x</sub>	X	W	W <sub>x</sub>	X	W	W <sub>x</sub>
Highly agree	68	5	340	33	5	132	7	5	21	11	5	55
agree	54	4	270	47	4	188	16	4	48	8	4	32
Neither agree nor disagree	6	3	30	5	3	20	5	3	15	5	3	15
Disagree/highly disagree	10	2	50	8	2	32	6	2	18	6	2	18
<b>Total</b>	<b>138</b>		<b>690</b>	<b>93</b>		<b>372</b>	<b>34</b>		<b>102</b>	<b>30</b>		<b>120</b>

Source of Table8: Author(s)

Table9: K- S Test

F	CF	F <sub>o</sub> (x)	E	CF	F <sub>e</sub> (x)	F <sub>o</sub> (x)- F <sub>e</sub> (x)
4.32	4.32	0.50	15.796	15.796	0.5	0
4.176	8.496	0.69	15.796	31.592	0.67	0.002 <b>D(max)</b>
3.73	12.226	0.77	15.796	47.388	0.75	0.02
3.57	15.796	1	15.796	63.184	1	0

Source of Table9: Author(s)

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