

## Predicting Turnover Intent: Examining the Effect of Employee Engagement Practices in Indian International Call Centers

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### Abstract

*The paper focuses on examining the effect of employee engagement practices among call center employees in India with an attempt to predict the Turnover intentions. In call centers employee engagement practices like communication, reward and recognition have a positive impact on employee performance, but because of monotony in the nature of the job, employee development is negatively correlated with the degree of employee engagement. Findings of this study will facilitate the HR managers and management of Indian International call centres in terms of making the effective use of employee engagement practices in order to retain their human talent by reducing turnover intentions to create performance oriented environment. Data was collected from 107 employees based on convenience and snow ball sampling from call centres located in Hyderabad. The hypotheses are formulated and tested.*

**Keywords** - *Employee engagement, Globalization, Turnover intention, Call centre, Organization Practice and Employee involvement.*

### Introduction

In the present scenario of global competition, Indian call centers are ridden with inherent problems that result in stressful working conditions. Organizations are trying to inculcate the human resource practices to improve their productivity and performance. One such human resource practice is *Employee engagement*. An engaged employee is the one who is fully involved, and enthusiastic about his work. Employee engagement has become a contemporary topic in today's competitive world. Of late, employee engagement has become an area of focus within organizations for the purpose of retention and as a means to avoid expensive employee replacement costs resulting from staff who voluntarily quit their jobs. According to "Society of Human Resource Management", the cost of replacing one employee who works eight hours per day can exceed \$3,500, which gives companies a strong financial incentive to maintain their existing staff members through strong employee engagement practices. Kahn (1990) defines employee engagement as the harnessing of organization members to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.

Employee engagement can be assessed from a range of factors, known as drivers that are thought to increase overall engagement. By managing the drivers, an organization can effectively manage employee engagement levels. Drivers such as communication, performance clarity and feedback, organizational culture, reward and recognition, relationships with managers and peers and career development opportunities facilitates employee engagement in an organization.

*Turnover intention* refers to a voluntary intention of an employee to leave an organization. Turnover is the process through which the staff leave an organization or that organization replaces them. A high turnover rate adversely affects an organization in other ways such as recruitment costs, diversion of management focus, expenses to train new hires, all affects the organization's fame and discourages the remaining employees. Literature suggests that employee engagement is related to emotional experiences and wellbeing (May *et al* 2004). Researchers have found that emotional factors are linked to an individual's personal satisfaction and the sense of inspiration and affirmation they get from their work and from being part of their organization. A considerable number of employees agree that their company is not a good place to work, suggesting they are emotionally unhappy, while others argue emotions should not be allowed to flow free, and that employees are more productive when their emotions are managed. (Holbeche and Springett 2003).

### **Employee Engagement and Turnover Intentions**

In literature, Turnover intention is commonly referred to as intent or intention to leave. For the current study, turnover intent refers to the voluntary intention of an employee to leave an organization. An Engaged employee is the one who is fully involved in his work and loyal to the organization. Engaged employees are likely to have a greater attachment to their organization and the job (Schaufeli and Bakker 2004). The implication of these findings is twofold. While engaging employees can help to reduce an organization's turnover thereby reducing recruitment costs, it has also been found that, the longer employees stay with an organization; the less engaged they become (Ferguson 2007). Such evidence stresses the importance of engagement and ensures that employees are engaged in the long term in what they do by addressing issues, which matter. An engaged employee will remain with the organization and will contribute more to the best of the organization.

James R. Jones *et.al* (2009) conducted a study on race dyads effects on the employee engagement – turnover intention relationship. The analysis revealed an interaction whereby at low levels of engagement, members of different race report a lower tendency to remain with their organization for at least one year than members of same-race dyads at high levels of engagement, intent to remain was great for members of different-race dyads. Alan M. Saks (2006) had conducted a survey among 102 employees working in a variety of jobs and organizations to measure organization engagement as well as the antecedents and consequences of engagement. Results indicate that job and organizational engagement mediated the relationships between the antecedents and job satisfaction, organizational commitment, intentions to quit and organizational citizenship behavior.

### **About Call Centers**

Call centre is a relatively new industry which has been growing at a very fast pace in the last few years around the world (Deery & Kinnie, 2004). It has become a cornerstone of the service industry in the developed world. Call centres in India are a direct result of the globalization of work enabled by new communication technologies. This can be concluded because about 75% of this industry caters to international markets (Batt, *et al*, 2005). They are a part of the overall Business Process Outsourcing (BPO) industry, and produce about 70% of its revenue. Moreover, there was no domestic call centre industry to speak of before the off-shored call centres had been set up, and hence this becomes an excellent site to study any process related to globalization.

The industry experienced meteoric growth having started in the 90s, and is now projected to have an employment of 1.2 million young Indians by 2008 (NASSCOM estimates). Most of the growth in the

call center industry in India can be attributed to the off shoring of service work from countries like the US, UK and Australia. There was a tremendous acceleration in the industry around the turn of the century with the bursting of the bubble in the software industry in the US. The reason for this large exodus of call center work from developed countries has been attributed to the low cost, good quality, English-speaking labor in India (Dossani & Kenney, 2003). Reports show that the average cost of an Indian call center employee is \$10,354 as compared to the cost of a similar employee in the US of \$55,598 (Nasscom estimates). These call centers provide a large number of services starting from inbound customer service to outbound sales, to collections. The firms also have a variety of ownership structures – independent national, independent international, a captive of a specific firm's process, a part of an MNC call center, or a part of an Indian conglomerate (Dossani & Kenney, 2003).

## Research Design

### Objectives of the study

- To test the prediction of the outcome variable Turnover intent by antecedent Employee engagement.
- To study the turnover intentions in call centre employees.
- To study the Employee engagement practices in call center organizations.
- To find out whether there is a correlation between employee engagement practices and turnover intentions among call center employees

### Hypotheses

Frequency distribution was used to describe the profile of the sample. For the goodness of the measure, a reliability test was performed to measure the internal consistency of the scale. This was then followed by computation of means and standard deviation of all variables used in this study, which are organizational practices, employee engagement and turnover intentions of call centre employees.

To find out the relationship between employee engagement and turnover intentions among call center employees correlation is calculated. To find out whether there is a correlation between employee engagement practices and turnover intentions among call center employees, a hypothesis is formulated and tested.

H<sub>1</sub> : There is significant association between employee engagement practices and turnover intentions.

H<sub>2</sub> : There is significant association between employee communication and turnover intentions.

H<sub>3</sub> : There is significant association between rewards & recognition and turnover intentions.

H<sub>4</sub> : There is significant association between employee development and turnover intentions.

### Survey Instrument

To measure employee engagement practices and turnover intentions of call center employees (CCEs) a questionnaire was designed which consisted of six sections. Section A of the questionnaire gathers information on the demographic profile of call center respondents, such as gender, age, race educational level etc. section B of the questionnaire measures to what extent the organizational practices (employee communication, reward & recognition and employee development) under the study are practiced in the call center organizations. Respondents are given five point scale with 1- strongly disagree, 2-disagree, 3-undecided, 4-agree and 5-strongly agree to indicate their agreement with item statements. Section C consisted of questions to measure employee's perception of their engagement level at their work, based

on five point scale, with 1- strongly disagree, 2-disagree, 3-undecided, 4-agree and 5-strongly agree and finally to measure turnover intentions among call center employees 3 questions were prepared and administered.

### Sample

The unit of analysis for this study is the individual call centre employee. A total of 107 call center employees working for International call centers in Hyderabad were chosen at random to participate in this survey.

### Findings

The demographic details of the respondents are summarized in Table I. As shown, most of the respondents answering the questionnaire are female respondents. More than half of the respondents are below 30 years of age. 57% of the respondents have a bachelor's degree as their qualification. In the above study the respondents providing inbound services like banking and telecomm where chosen randomly to collect the required information for the study.

Reliability test was performed to measure the internal consistency of the scale used in this study. Table 2 shows the Cronbach Alpha values of the study variables, ranging from 0.76 to 0.91, which are considered to be good for the above study. Descriptive analysis was performed to analyze the extent of organizational practices, impacting employee engagement and turnover intentions of call centre employees within the company. The mean scores for employee engagement and employee communication is considered to be average (3.25 & 3.31) where as for employee recognition and employee development it is below average (2.31 to 2.40). The standard deviation of the variables considered under the study range between 0.56 to 0.79 (Table 3) Correlation was calculated to measure the relationship between organizational practices, employee engagement and turnover intentions of call center employees.

The correlation coefficients of organization practices (employee communication, rewards and recognition, employee development, employee engagement) is positive, where as it is negative between organizational practices and turnover intentions. High positive correlation exists between employee engagement and employee development (Table 4).

Table 5 provides the summary of the multiple regression models which tells the relationship between employee communication, rewards & recognition, employee development and employee engagement. The value R from the table is 0.597, which tells that there is a positive correlation between the variables and employee engagement. The higher the value of the variables among call centre employees, the higher will be the employee engagement and vice versa. The value of  $R^2$  speaks about the percentage of outcome (employee engagement) that is explained by the predictors i.e., three variables.

For the model the value is 0.356 which means that predictors are explaining 35.6% of employee engagement. The adjusted  $R^2$  value gives an idea of how well the model generalizes the difference (0.356-0.311) .045 or 4.5%. This shrinkage means that if the model was derived from the population rather than a sample it would account for approximately 4.5% chance of variation in the outcome. The F-value 8.960 from the table is significant at 1% level of significance. Therefore it can be concluded that the multiple regression model results in a significantly better prediction of the reasons for employee engagement because of three variables.

Table 6 provides details of the model parameters (the beta values) and the significance of these values. Equation (1) shows that  $b_0$  was the Y intercept and this value is the value B for the constant.

So, from the table,  $b_0$  is 2.619, and this can be interpreted as when there are no predictors (when  $X=0$ ) the model predicts that there will be 2.619. The value of  $b_1$  (employee communication) from the table is 0.163. This tells that if the employee communication is increased by 0.163 then the employee engagement will increase by 1. Similarly,  $b$  values of rewards & recognition and employee development are 0.240, -0.28 respectively. The regression equation for the dependent variables (employee engagement) and independent variables (employee communication, rewards and recognition, employee development) are given below.

$$Y = 2.619 + 0.163 X_1 + 0.240 X_2 - 1$$

Y = employee engagement

Variables  $X_1$ ,  $X_2$ , are employee communication and rewards and recognition.

### Discussion of the findings

Based on the results, it can be concluded that employee engagement practices, influence turnover intentions. From the mean scores of employee communication and employee engagement, we can conclude that call center organizations are effectively communicating to their employees about their organizational policies, employee targets, feedback on the job etc. There is a positive correlation between employee engagement and employee communication which indicates that effective communication will help in employee engagement in the organization, these findings are inconsistent with Hackmen & Lawler (1971). Rewards and recognition refers to the extent to which the company gives appropriate reward & recognition for the work that had been done in achieving the organizational goals. call centre employees (CCEs) are satisfied with the rewards & recognition system in call center.

The correlation between rewards & recognition and employee engagement is positive which tells that for employee engagement there should be good reward and recognition given to the employees. This finding is in line with Maslach & Leiter (2008) who proposed that rewards & recognition is one of the areas in work life that have a motivation potential to enhance employee engagement. call centre employees (CCEs) are partly dissatisfied with the employee development factor in call centers. When the nature of the job allows an employee to learn new things and grow in that particular job it is considered to be employee development.

As the call center jobs are monotonous in nature and have very less scope for development, call centre employees (CCEs) feel undeveloped in their jobs. Employee development is negatively correlated with employee engagement, for call center employees. The burning desire of the employees to learn new skills in their current job is called intrinsic improvement. The turnover intentions of call center employees are low because of employee engagement practices in call center organizations. The employee engagement practices of an organization is negatively related with turnover intentions among the employees, there is a significant relationship between employee engagement practices and turnover intentions of employee in the organization. Thus null hypothesis is rejected concluding that, employee engagement practices of an organization will reduce the turnover intentions among the employees working for that organization.

The multiple regression equation which gives a valuable insight regarding the dependent (employee engagement) and independent variables (employee communication, rewards & recognition, employee development) emphasizes that, call center organizations have to stress more on the employee communication and rewards & recognition policies of an organization to improve the employee engagement among the call center employees.

### Limitations

The present study had thrown light on predicting the turnover intentions on call centre employees (CCEs). It does have some limitations. The sample of respondents (CCEs) are of call centre employees working in organizations located at Hyderabad, this could have affected the relationship outcome obtained in the present study since different organizations yield different results. Secondly, in the current study respondents providing inbound services were considered which will give different results if outbound services are considered. Similarly call centre employees (CCEs) providing services for domestic customers may give different results.

### Further Research

It would be interesting for further researchers to investigate the antecedents of employee engagement in other settings like outbound services, call center providing domestic customers to extend the discovered knowledge in this field. Further researchers may extend their research to examine the consequences of employee engagement empirically to the Turnover intention (Involuntary). The present study is focused on employees working in call centres of Hyderabad and the other areas can be included for further studies. Researchers can also focus their study to other sectors which would help to identify and predict turnover intentions in various sectors.

### Conclusion

Organizations survive and grow because of their employees. In the present study, it is observed that majority of call centre employees are within the age group 20-30 years. Engaging young employees for long term is a task for call centre management. An engaged employee for an organization is considered to be a great asset. From the present study it is found that call center practices are helping their organizations to effectively engage their employees, but with respect to employee development call center organizations have to take certain measures like job rotation, to create variety in their jobs, thereby reduce monotony and thus contribute towards employee development. To reduce the turnover intentions in their employees call center organizations should provide EAP (Employee Assistance programme) like counseling and skill developmental programmes regularly through which employees can know how to overcome monotony and find ways for further growth in their jobs. Organizations should offer strategic compensation packages and ensure recognition and appreciation of employees by superiors to give them a sense of belongingness.

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**Table 1. Demographic profile of respondents**

Variable	Frequency	Percentage
Gender : Male	39	36.44
Female	68	63.56
Age : below 30 years	75	70.09
30-40 years	28	26.18
Above 40 years	4	3.73
Qualification : Bachelor's degree	61	57
PG	46	43
Type of service : Inbound	107	100
Type of client : Banking	32	29.90
Telecomm	75	70.10

(Source: Primary data)

**Table 2. Reliability analysis**

Variables	n	Cronbach Alpha
Employee communication	8	0.9
Reward & Recognition	7	0.87
Employee development	6	0.84
Employee engagement	11	0.91
Turnover intentions	4	0.76

(Source: Primary source)

**Table 3. Mean and standard deviations of variables**

Variables	Mean	S. Deviation
Employee communication	3.31	0.61
Reward & Recognition	3.4	0.56
Employee development	2.13	0.79
Employee engagement	3.25	0.77
Turnover intentions	3.01	0.48

(Source: Primary source)

**Table 4. Correlation values of the variables under study**

Variables	Employee communication	R & R	Employee Development	Employee Engagement	Turnover Intention
Employee communication	1				
Reward & Recognition	0.28	1			
Employee Development	0.31	0.39	1		
Employee Engagement	0.79	0.41	-0.31	1	
Turnover Intention	0.28	0.12	-0.21	-0.705(.003**)	1

Source: Primary source \*\*Significant at 1%

**Table 5. Table showing significant relationship between variables showing an impact on employee engagement among CCEs**

Model	R	R Square	Adjusted R Square	F	p-value
1	.597	.356	.311	8.960	.000**

Predictors : (Constant), Employee communication, Reward & Recognition and Employee development.  
b. Dependent Variable : Employee engagement

**Table 6. Table showing un standardized and standardized coefficient values for variables showing an impact on employee engagement among CCEs**

Model	Un Standardized Coefficients		Standardized Coefficients	t-Value	Sig.
	B	Std. Error	Beta		
1 Constant	2.619	.525		4.986	.000**
Employee communication	.163	.078	.018	3.437	.000**
Rewards & Recognition	.240	.067	.004	5.073	.000**
Employee development	-.028	.058	-.023	-.488	.626

Dependent Variable : Employee Engagement \*\*-significant @5%