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Recruiting and Retaining a Large Workforce – Lessons from the BPO Sector

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The microfinance institutions (MFIs) have been very open to learning from each other while facing their own unique challenges. As the market matures, it is time to search for relevant lessons from outside the traditional microfinance circle. The ITeS (Information Technology enabled Services, popularly referred to as the Call Centre/BPO industry) is a good example.

Prima facie, the BPO industry seems to be dealing with a different type of workforce i.e. English speaking, largely involved in a comfortable desk job with a handsome pay packet. However, on closer look, the similarities are striking. The entry level workforce (front-end or client-facing, if you prefer) is large in number with comparable levels of academic qualification; the ongoing demands of the client-facing roles are stressful; and the organisational pyramid sharply narrows down as you progress “upwards”, bringing in the inevitable career stagnation issues. Another interesting point of similarity is that domestic BPOs have a vernacular language workforce, where there is clear overlap between the talent pool for MFIs and BPOs.

The BPO industry has gone through the transition from “emerging” to “mature”, facing issues such as intensifying competition, squeezed margins and increasingly discerning clients. The business realities have had a direct impact on frontline human resources (HR) and the better players have had to learn to cope with these challenges effectively. Convergys, one of the leading players in the industry stays ahead of the curve through some innovative HR management practices. The parallels and lessons are evident for the microfinance industry and are discussed below.

1. Everyone Stands to Gain with a Strong Industry Representation

The status that the BPO/ITeS industry enjoys with its stakeholders is not a matter of coincidence. It has happened through collective representation, as well as the diligent collection and sharing of data, to project the benefits and successes of the industry. Working through a representative body like NASSCOM, the ITeS industry has a platform to invite and engage the government into progressive discussions. The industry has been able to rise above its inherent disadvantages in terms of demanding and stressful work and to successfully project its accomplishments. The microfinance industry stands to benefit with further development of a common industry body.

2. Hiring for Excellence

The recruitment process in the BPO sector is of such immense importance that it has practically evolved into a science. Examples include:

- a. *Recruitment is considered a ‘strategic’ function* instead of a tactical one. The objective of recruitment is decided upfront; and how it links to the business needs and the vision of the organisation needs is revisited periodically.

- b. As the competition for talent intensifies, *employer branding has become important* to project a powerful case on why a candidate should opt for organisation A vs. B (differentiation). Use of innovative media adds to the appeal – for example a short, engaging film for campus candidates seems to work well for Convergys. The MFIs are likely to benefit from differentiation. At the moment, one institution is practically indistinguishable from another. The differentiation and positioning has to be effective at the time of recruitment of front line staff.
- c. *Influence the “influencers”* by identifying who helps the candidate decide about his/her career choice? Then create channels of communication with them. Communicate the nature of work, prospects and build a certain pride of association for the influencers (often the candidate’s family). This feeds well into brand building. In fact, at Convergys, seminars are held with parents of prospective candidates and new hires, impressing upon them the benefits of being a part of Convergys, and why this choice is right for the candidates. This translates into a longer tenure of the employee as the entire family has been part of the joining process. Staff are also allowed (and in some cases actually financed) to bring their family to the workplace on occasions to showcase the working environment. To get anywhere close to this practice, among other things, MFIs will have to improve the working conditions that prevail in typical branches.
- d. *Sourcing has evolved into a longer-term initiative.* “Where will the entry-level people come from on an ongoing basis?” is a relevant question. Relationships with academic institutions through internships, special projects, visiting lectures and providing curriculum enhancements, as well as an employee referral programme are all examples of building the pipeline. Some MFIs have made attempts to develop relationships with academic institutions, but this effort has yet to evolve to a position where a trained pool of employable graduates is readily available. Longer term, systematic analysis of and engagement in, the job market will be essential.
- e. Invest in a commercially available, online *applicant tracking system (ATS)* that is linked to the employee records. As you manage a growing workforce, individual memory cannot be depended upon in the event of re-application and re-hire. This aspect is specifically relevant for MFIs as employees typically deal with cash. Another important aspect of ATS and data sharing within the industry is to blacklist any fraudulent candidates who may be working the system to their advantage.
- f. *Identify relevant performance measures* to track improvement in the hiring process. (e.g. cycle time, conversion ratios, cost of sourcing per channel, cost per hire, candidate experience, etc.). MFIs are likely to gain from developing standards and systems in these areas

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and also bring about some professionalisation of the entire recruitment process and more evolved HR management.

- g. *Use a standardised assessment approach.* Psychometric tests that assess candidates' psychology, attitudes and values, are highly recommended to maintain the quality of hires, especially in large volume recruitment. At Convergys, different levels of psychometric and other assessment tools are used depending on the role. Rigour in interviewing is maintained through a databank of questions that is used by a pool of trained and certified interviewers. The assessment should also include evaluating the candidates' buy-in to the culture and mission of the organisation.
- h. *Create a good experience for all candidates* so that even those who do not make it through ("rejects") can act as ambassadors for you and create that "aspirational" image for the organisation.
- i. As the organisation grows, a productive *relationship between the recruitment and the operations functions* becomes imperative. Dedicated contact points between the two functions and "job owners" who have the authority to make a hiring decision enable better co-operation and feedback.
- j. Lastly, *an active alumni rehire programme* can help build a stronger middle management, in the longer term.

3. Increasing Employee Longevity

One of the key questions for BPOs and MFIs is how to increase the longevity of the employees in a job role that is repetitive and stressful by nature? The typical agent tenure in a BPO varies between 15 to 20 months, while the support function staff have an healthy average tenure of 3 to 5 years.

- a. Create pride and status for "seniors" in the role and design incentives as far as possible to be proportional to performance of staff. This might encourage some people to continue longer in the front-end role as it provides scope to earn more.
- b. Look out for your employees that prefer to continue longer in the same role (due to family responsibilities, education or other commitments) and allow them to do that.
- c. Provide options of part time work to accommodate a larger proportion of women in the workforce.
- d. Create specialist roles: training, product design, audit functions/ quality control, marketing, recruitment roles, all lend themselves well to tap the rich expertise available without losing senior staff to the traditional "managerial" positions.

4. Managing the (Inevitable) Attrition

An industry with a large workforce has an inherent paradox – while a huge effort goes into maintaining the pipeline of quality hires, in a few years' time it becomes necessary to phase out many of the very employees that were so carefully recruited. In effect, attrition is healthy to some extent; but preferably with some control on when the exit happens, together with a system that positions trained hands to replace the outgoing staff. Here are some approaches tried by the BPO industry:

- a. *Anticipate and accept attrition:* Set up the right measures of attrition and create benchmarks e.g. early attrition (day 2, week 1 and week 2), post training, voluntary attrition of high performers, etc and seek industry benchmarks if available. This then provides the

basis for controlling unwanted attrition and calibrating recruitment with relevant feedback to manage quality.

- b. *The on-boarding/induction experience is crucial to control early attrition:* An employee's experience during the first few weeks plays a significant role in internalising the culture of the organisation and his/her subsequent productivity. Ensuring that a new employee settles in comfortably is well worth the effort. Since a new recruit is more likely to turn to his/her line manager for any guidance, it is important to strengthen the capacity of line managers to respond to these needs.
- c. *Establish feedback systems:* Elicit regular feedback from the leadership regarding the quality of staff recruited, as well as from those that are leaving the organisation. Feedback provides valuable lessons for the future.

5. Phasing out Employees

How much can we prolong the longevity of the "field force"? The BPOs' structured approach to exit options can range from being rudimentary to well evolved. Typically, the two most important avenues are education and outplacements.

- a. *Education:* Part-time options can be extended to allow staff to acquire formal academic qualifications. Tie-ups with universities, and other on-line education organisations, help lend credence to the initiative. Some BPOs have experimented with this, and even launched a management programme with accreditation from a recognised university for its employees. MFIs can adopt this approach and build competencies and educational qualifications of their staff, not always as an exit option, but even for those who may rise up the ladder and occupy managerial positions. Of course, the training programmes in other skills sets should be relevant for other career options.
- b. *Outplacement options:* Analyse what are the transferable skill sets that the employee has gained – for example customer orientation, communication, sales orientation, etc., which are likely to be of value to other industries. Create formal tie-ups with such industries and provide the option to move to those employees that have served the organisation for a minimum period.

The trick is to be upfront about accepting the need to phase out and discuss this with employees well in advance. Communicate to them how the organisation will support their needs; and if required enlist "influencers" in confidence. Showcase how tenure in the organisation would equip the candidate to perform better in life.

Conclusion

In short, managing a large workforce is no longer about providing a life-time career option to all employees, but rather to ensure that the time staff members spend with the organisation is fruitful and mutually beneficial. The objective is to inculcate a long-term symbiotic relationship between the employer and the employee. Under the relationship, the employer should be instrumental in building a great career path for the employee and the employee should be positively inclined to refer great candidates to the employer organisation. Indeed, there may even be scope for a symbiotic relationship between MFIs and BPOs as they feed staff to one another as part of an outplacement programme, thus broadening staff members' experience and skills sets.