

Work Life Balance and Implications for Business Process

Outsourcing in India

Student Authors: Sam Roedger, Ellen Pratt, Beatris Mendez-Gandica

Faculty Authors: Rama Yelkur, Rebecca Wyland

❖ Department of Management and Marketing ❖ University of Wisconsin-Eau Claire



Background Information on Business Process Outsourcing in India

Business Process Outsourcing has been the strategic choice of companies looking at visible profits of cost reduction while improving the quality of service (Shah and Sharma 2007). Offering tremendous opportunities to western businesses, the India BPO sector has been emerging rapidly as the place of choice because of the availability of a skilled workforce, English speaking labor force and technically qualified employees. However there is a flipside to BPOs, there are both challenges, internal and external. The internal challenges include the shortage of competent middle and senior level managers and the high attrition rates in the BPO industry in India. The external challenges include opposition from U.S. politicians and labor unions against the shift of BPO operations to companies in India as well as competition from other countries like Philippines that are taking away business from India by providing lower cost services. This research focuses on the internal challenges, specifically attrition rates. Attrition rate in the BPO sector has reached an all-time high of 60% (BPO India 2009). Much of the research has been focused on discovering the factors behind this attrition, but a framework or model has not been developed to explain this attrition. This study examines the issues related to attrition or turnover in the Indian BPO industry and is grounded in existing theories of work-family balance and turnover intentions of employees. By modeling the relationships between work-life balance and the impact on turnover intentions of employees in Indian BPOs, we provide managerial implications for Indian BPOs to use these results in engaging in meaningful retention strategies to reduce turnover rates.

References

Aryee, S., & Luk, V. (1996a). Balancing two major parts of adult life experience: Work and family identity among dual-earner couples. *Human Relations*, 49(4), 465-487.

BPO India (2009). http://www.bpoindia.org/news_shtml

B.E. Ashforth, G.E. Kreiner, M. Fugate **All in a day's work: Boundaries and micro role transitions** *Academy of Management Review*, 25 (2000), pp. 472-491

Luk, D. M., & Shaffer, M. A. (2005). Work and family domain stressors and support: Within- and cross-domain influences on work-family conflict. *Journal Of Occupational And Organizational Psychology*, 78(4), 489-508. doi:10.1348/096317905X26741

Matthews, R. A., & Barnes-Farrell, J. L. (2010). Development and initial evaluation of an enhanced measure of boundary flexibility for the work and family domains. *Journal Of Occupational Health Psychology*, 15(3), 330-346. doi:10.1037/a0019302

Trompenaars, R., & Hampton-Turner, C. (1998). *Riding the waves of culture*. New York: McGraw-Hill.

Shah, H. and Sharma, V. (2007). "Can Job Satisfaction Enhance Individual Performance: Empirical Study from BPO Sector." *Global Journal of Business Management*, 1, 1.

Theory and Hypothesis

The majority of work-family studies have been conducted in Western societies with limited investigations in other regions of the world (e.g. Aryee & Luk, 1996). However, cultures do not segregate the roles of work and family in the same way (Trompenaars & Hampton-Turner, 1998). For example, cultures with specific values, like the United States, tend to keep work and family roles and relationships separate. However, cultures with diffuse values (e.g., India) tend to integrate the two domains. Even though employees in the United States tend to experience more conflict between the two roles, we believe that employees in India are more likely to see work as contributing to the family welfare rather than competing with it. As such, we focus on work-family facilitation rather than conflict. Specifically, work-family facilitation occurs when engagement in the work role contributes to growth in the family role" (Grzywacz et al., 2007).

The foundation upon which we develop our hypotheses is Boundary theory. This theory suggests that the balance of family and work boundaries must be understood in order capture the complexity of work-family balance (Ashforth, Kreiner, & Fugate, 2000). Scholars that study Boundary theory suggest that boundary flexibility between the work and family role is conceptualized into two components; the ability to expand domain boundaries (e.g., flexibility-ability) and the willingness to expand domain boundaries (e.g., flexibility-willingness; Ashforth, et al., 2000). Several studies have suggested that flexibility-willingness and flexibility-ability lead to lower levels of conflict between the work and school role (Matthews & Barnes-Farrell, 2010), however, no study to our knowledge has suggested that this flexibility at work can lead to lower turnover intentions. For example, an employee with a high level of flexibility-ability may believe that her supervisor is willing to allow flexibility in her schedule in order to take care of family responsibilities (Lautsch et al., 2009). If this employee perceives that they are able to meet family demands when emergencies or situations arise, the employee may be less likely to think about leaving the organization. As such, we propose,

H1: Higher levels of work to family flexibility ability will be associated with lower levels of turnover intentions.

Further, an employee with a high level of flexibility-willingness may be more prone to leave their work domain in order to take care of family responsibilities (Matthews & Barnes-Farrell, 2010). Although this willingness tends to lead to more positive outcomes in Western cultures (Matthews & Barnes-Farrell, 2010), we believe that it may have an adverse impact in India. For example, India tends to have higher levels of power distance, which is the acceptance of distance between those in authoritative roles and their subordinates (Hofstede). As such, employees are more likely to follow the rules of their employer and supervisor and less likely to violate rules or ask for exceptions. Thus, employees who are willing to leave work in order to care for their family, may already intend to leave the organization. As such, we propose,

H2: Higher levels of work-family flexibility-willingness will be associated with higher levels of turnover intentions.

A tenet of Boundary theory suggests that the ways in which people balance their work and family boundaries have costs and benefits (e.g., Ashforth et al., 2000). One possible "benefit" of balancing work and family could occur when one role provides resources that benefit the other role. For example, employees that work at call centers may gain interpersonal skills or communication skills that may facilitate or benefit the work role. As such, we propose,

H3: Higher levels of work to work-family facilitation will be associated with higher levels of turnover intentions.

Results

Multiple regression analysis was used to test the model and the results are presented in the Table below.

Analysis of Variance						
Model	df	SS	MS	F-Value	p-Value	R ² (Adj)
Regression		318.212	6.0718.087	0.000	.120(.105)	
Residual	178	133.618	.751			
Total	181	151.831				

Parameter Estimates				
Variable	Beta Coefficient	Standard Error	t-Value	p-Value
Intercept		.435	7.397	.000
Work-Family Flexibility Ability	-.178	.105	-2.108	.036
Work-Family Flexibility Willingness	.308	.101	3.661	.001
Work-Family Facilitation	-.231	.095	-3.283	.000

The regression examined the effect of three variables, Work-Family Flexibility Ability, Work-Family Flexibility Willingness and Work Family Facilitation on Turnover Intentions of employees in Indian outsourced industries. Overall, the three independent variables significantly explained the variance in the dependent variable with an F-value of 8.087 significant at $p < .0001$. Work-Family Flexibility Willingness (see items used to measure this) was the most influential variable in the equation with a Beta Coefficient of .308 ($t=3.661$, $p < .0001$), indicating that Work-Family Flexibility Willingness has a significant positive impact on Turnover Intentions of employees. Work-Family Facilitation was the second most significant (negative) predictor of Turnover Intentions (Beta=-.231, $t=-3.283$, $p < .0001$). Work-Family Flexibility Ability had a weaker negative, yet significant impact on Turnover Intentions, with a Beta Coefficient of -.178, a t-value of -2.108 and a significance level of $p < .05$.

Implications and Contributions

Together, these findings suggest that employers of Indian outsourced industries who want to reduce employee turnover intentions can focus on providing flexibility in the work role when family demands arise. For example, supervisors that are looking for ways to increase flexibility could allow subordinates to leave work early if their child, parent or other family member is sick. Interestingly, our results suggest employees who are more willing to leave work when family demands arise, are also more likely to intend to leave their organization. Our findings also suggest that work-family facilitation is associated with lower levels of turnover intentions. This finding suggests that employers may be able to reduce turnover when they can provide employees with skills or knowledge that can be transferred to the family role.

Our study also has theoretical implications. We contribute to the work-family literature by extending Boundary theory to study work-family facilitation in the context of India. To our knowledge, this is the first application of Boundary theory to call centers located in India. Additionally, we believe this is the first study that draws from Boundary theory to study work-family facilitation.