

Job Satisfaction Among Employees in a Business Process Outsourcing Company

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Abstract: *The purpose of this study is to link the dependent variable, which is job satisfaction against the independent variables which are compensation, employee engagement and working environment. The research objective is to study the job satisfaction of white-collar employees located in Malaysia. To achieve this objective, we focus on one business process outsourcing company which is located in Kuala Lumpur. The total population of this study involves approximately 4000 employees of this company, with a sample size of 403. A structured online questionnaire was used to gather data. The survey results were assessed via SPSS application. Based on the study, all three independent variables which are compensation, employee engagement and working environment play an important role in job satisfaction. However, intense analysis indicates that only two out of three of the job satisfaction dimensions carriable shows highly significant effect; work engagement and work environment.*

Keywords: Job Satisfaction, Compensation, Employee Engagement, Working Environment

1. Introduction

The purpose of this study is to determine the factors that influence job satisfaction among employees in a Business Process Outsourcing (BPO) company located in Kuala Lumpur. The company is a wholly owned subsidiary of SYNEX (Corporation (NYSE:SNX) and its technology enabled global business service company specialising in customer engagement and improving business performance.

In its annual report for the year ended 30 November 2020, the company mentioned that the industry is facing a high employee turnover rate and it is a concern that needs to be addressed. This is consistent with Vanishree (2012), where the business process outsourcing sector is known for its unusual work shifts, long working hours and demanding work performance which can lead to a stressful work environment and subsequently increases the attrition rate.

In Indeed.com, the company had a score of 3.4/5.0 and this is based on 49 reviews left by the employees. There are also many comments on having to work on public holidays without additional compensation. Senior employees are experienced and friendly which suggests that employees have no issue with job learning and training. However, team leaders' positions are often replaced which suggests there were high turnover in the company. Staff are groomed for future career growth but there any many comments on overwhelming office politics where suitable candidates are not selected for promotions. Many also commented that the job is

stressful due to the high workload and the difficulty to obtain annual leave. Based on these comments, we have gathered three management issues which are essential to job satisfaction. These are compensation, employee engagement and working environment.

2. Literature Review

Job satisfaction has been widely researched previously and there are several theories used to associate job satisfaction. Expectancy Theory which is proposed by Vroom (1964) suggests that motivation factor may relate to the outcome of job satisfaction. He also defines motivation factor (MF) as an outcome of expectation, instrumentality and valence. Several need theories of motivation were created after publication from Vroom (1964), to further explain the relationship with other variables such as psychological and physical that stimulate workplace behaviour. Expectancy refers to employees believing if they put a certain amount of effort, it will result in a specific outcome. Instrumentality on the other hand is the belief that a specific consequence of an activity will result in receiving desired reward. Valence is described as the degree to which an individual prefers a particular outcome.

Equity Theory is also used as a reference in this study where it explains why salary and conditions alone will not guarantee the satisfaction of employees (Adams, 1965). Luthans (1995) defines motivation as inspiration in people which arises because they have a need which might be caused by a physiological or psychological imbalance. The main idea of Equity Theory is fair treatment among employees. If there is a sense of unfairness, employees tend to be dissatisfied and demotivated.

Another theory used as reference in this study is Herzberg's Two-Factor Theory (Herzberg et. al, 1959). The findings show that dissatisfaction is not the polar opposite of job satisfaction. Instead, job satisfaction is measured on a scale of 0% to 100%. Job dissatisfaction on the other hand, is measured on a different scale, ranging from extreme unhappiness to no dissatisfaction. According to Herzberg et. al (1959), features of the job that create satisfaction are distinct from those that produce dissatisfaction. Besides, employees perform better when the environment in which they work is changed and improved. Nanzushi (2015) mentioned that the idea emphasises the importance of internal job characteristics as motivators. Hygiene elements such as compensation, employee engagement and work environment were used as parameters in this study to measure the impact on employee job satisfaction.

Although many support the idea in Herzberg's Two-Factor Theory, there are also researches that contradict this idea. Locke (1976) claims that hygiene and motivators are overlapping. Another research done by Sledge et. al (2008) on Brazilian employees concludes that Herzberg model may be more complex when dealing with a range of elements such as culture, environment and demographics. Therefore, the goal of this study is to look at these distinctive aspects of the Two-Factor Theory using our dependent and independent variables.

3. Research Framework and Hypothesis

The theoretical framework in Figure 1 is adapted from Tan et al. (2013). The framework is constructed according to three basic theoretical model which includes compensation and benefits, employee engagement and working environment which would provide an impact towards job satisfaction.

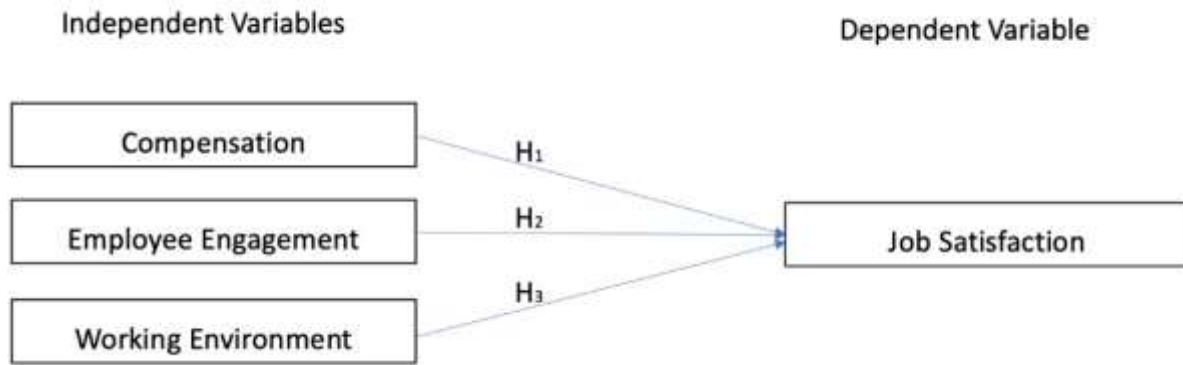


Figure 1: Research Framework

Compensation serves as one of the motivator factors for employees based on various studies. Mangkunegara (2017) believes that the level of job happiness and the achievement of work results or employee performance may be narrated if the remuneration offered by the organisation to employees has a compelling effect. This viewpoint is consistent with the study conducted by Ganesan et al. (2017), which found that compensation had a beneficial impact on job satisfaction. In a study conducted by Setyorini et al. (2018), they observed similar output that concludes compensation had a favourable and significant effect on job satisfaction among employees. In a study conducted by Yeo et al. (2020), they have investigated the determinant factor of turnover among employees and the result shows that compensation and benefit have negative relationship with turnover intention.

H1: There is a significant relationship between compensation and job satisfaction.

Based on research conducted by Akingbola & Van Den Berg (2019) in a non-profit organization have revealed that engaged employee with organisation have a positive impact where consistent behaviour, ownership, and less intention to quit is observed. Suhartanto & Brien (2018) also confirmed that job satisfaction mediates the relationship between employee engagement in job and the performance of an organization. Saks (2019) research revealed that job engagement predicts job satisfaction.

H2: There is a significant relationship between employee engagement and job satisfaction.

Work Environment is a critical factor to determine job satisfaction. According to Zainudin et al. (2019), employees who work in a pleasant and comfortable working environment have a better commitment towards an organization. Another research conducted by Nwachukwu et al. (2019), supports the same statement as per Zainudin et al. (2019). On the other hand, Karacsony (2019) discovered a negative connection between two variables, which is working environment and job satisfaction.

H3: There is a significant relationship between working environment and job satisfaction.

4. Research Design

A structured online questionnaire was distributed to the employees. The employees in this study include the team leaders, trainers, quality analysis staff, agents and executives. The questionnaire is divided into two sections, whereby Section A is about the respondent's individual background and particulars, while the first part of Section B is designed to explore the dependent variable. Meanwhile the second, third and fourth parts measure the independent

variables. A total of 420 questionnaires were distributed and out of which 403 were complete and usable. The data were processed and analysed by using Statistical Package for Social Science (SPSS) software.

This study employed descriptive analysis to develop profiles of the study's respondents. For normality analysis, Person correlation analysis and regression analysis were used to test and confirm the significant or insignificant relationship.

5. Data Analysis and Findings

Correlation analysis of the data shows the following relationship between the variables.

- i. There is a significant relationship between compensation and job satisfaction; $p = 0.00$ and high degree of strength; $r = 0.646$
- ii. There is a significant relationship between employee engagement and job satisfaction. $p = 0.00$ and high degree of strength; $r = 0.762$
- iii. There is a significant relationship between work environment and job satisfaction. $p = 0.00$ and high degree of strength; $r = 0.722$

Table 1: Correlation Summary Result

Independent Variables	Mean	R-value	Significant Correlation
Compensation	3.1737	0.646	Yes
Employee Engagement	3.3561	0.762	Yes
Work Environment	3.2789	0.722	Yes

We also performed a regression test to confirm whether each independent variable and dependent variable has a strong relationship between them. The analysis showed that there is a significant difference of strong relationship between independent variables: Employee Engagement and Working Environment on Job Satisfaction. This is further proven by the P value and Beta (β) value stated as follows: Firstly, employee engagement has a positive relationship with Job Satisfaction with $P=0.00$ and $\beta =0.539$. Secondly, working environment has a positive relationship with Job Satisfaction with $P=0.00$ and $\beta =0.222$. Whereas, the other one independent variable has no significant difference in relationship towards the dependent variable.

Compensation has NO relationship with Job Satisfaction with $P=0.605$ and $\beta = (0.033)$.

Table 2: Regression Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.974	.125		7.797	<.001
Compensation	.036	.070	.033	.518	.605
Employee Engagement	.554	.077	.539	7.239	<.001
Working Environment	.248	.079	.222	3.145	.002

6. Discussion and Conclusion

The analysis noted that the results showed significant variation from the three-dimension variables used in determining job satisfaction, namely the Compensation, Employee Engagement and Work Environment. Intense analysis indicates that only two out of three of

the job satisfaction dimensions carriable shows highly significant effect; work engagement and work environment.

The findings from this study will assist the company to review its compensation packages to enhance job satisfaction among its employees. The job market sentiment now promotes work-life balance which is getting more popular, especially in large cities. Aside from that, empowering employees to a certain degree of control over their working hours will surely provide some sort of independence on their work-life balance and hence the employees tend to feel the compensation to be fairer and lead to better job satisfaction.

Nonetheless, this study is only limited to the white-collar population in one business process outsourcing company in Kuala Lumpur. Future research can adopt similar methods and approaches but extend to more branches of the same organisation or other business process outsourcing companies in Kuala Lumpur. This study also only applies three independent variables. Future research may add more independent variables.

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