



Dynamics of Employee Satisfaction Among the Work Force in Outsourcing Industry: A Study of Selected BPOs in Delhi

Kaustav Paul

Senior Research Associate, INLEAD, Gurgaon

Santosh Kumar Singh

PhD Scholar, INLEAD, Gurgaon

Khushboo Singh

Senior Vice President, INLEAD, Gurgaon, k.singh@inlead.in, +91 9560293114

Deepak Sharma

Dean, INLEAD, Gurgaon, d.sharma@inlead.in, +91-9560293107

ABSTRACT

Employee satisfaction reflects the internal health and environment for an organization especially for an outsourcing organization since it is perceived that the stress factor of the outsourcing industry leads to unhappy employees which affects the customer service industry. Hence it is of utmost importance to explore the factors that matter the most for the employees to be contented with their present organizations. This study had been conducted across four recognized outsourcing organizations in Delhi and endeavoured to gain key insights related to employee satisfaction. The study yielded a five factors' model for employee satisfaction and the role of demographics was also quite evident in explaining employee satisfaction. Reliability analysis through Cronbach's alpha revealed high internal consistency for the model.

KEYWORDS : Employee Satisfaction, BPO, Exploratory Factor Analysis, Reliability Analysis, Cronbach's Alpha, One Way ANOVA, T Test

INTRODUCTION

The Indian economy had been a witness of phenomenal growth and development during the last decade and the bulk of the credit could go to the B.P.O. / ITES sector or the outsourcing industry of the country. The advent of the technological front and a radical change in business practices made this happen in the country. Being a nation of abundant supplier of English speaking graduates, postgraduates, engineers coupled with low operating cost, India became the sought after destination for the global giants who wanted to outsource their various business tasks to places with low operating cost and where there is no dearth of a supply of skilled labours so as to minimize the operating expenses without compensating in the service quality. In 2011, India was number one in the global BPO landscape with 37% of market share with more than 500 service providers. According to a report by The Business Standard (25.08.2011), the sector registered export revenue worth \$17 billion with \$14.1 billion from exports and \$2.8 billion from the domestic markets. Even during the downturn, while the IT sector could manage a growth of 7%, the outsourcing industry got inflated by 20%. A worldwide base of happy and satisfied customers and clients was one of the primary reasons behind this phenomenal growth of the outsourcing industry in the country. However recently, there seemed to be a change in the trend and a major fraction of India's outsourcing business, with a special mention to the voice based international call centre is going to Philippines. Thus the time calls for evaluating the outsourcing sector from a fresh perspective and a few major aspects like employee motivation, employee commitment, employee satisfaction and the customer experience should be analysed so as to gain useful insights that would enable the industry to provide the customers with better customer experience and hence will save the economy from business erosion. This study was first in the series and endeavoured to analyse the most crucial aspect of any business: employee satisfaction.

NEED OF THE STUDY

Irrespective of the business size, excellent customer service should be at the heart of any business model for an organization to scale up to the pinnacle of success. It is of utmost importance that competent customer service should be provided to all the types of customers, potential, new or an existing one. With changing time, the customer service industry has also gone through evolution. The demand for customer support channels have increased and it has become quintessential for the enterprises to handle customer touch

points through the life cycle. The most important component of customer service is a team of happy employees since it is believed that that satisfied employees will handle the customers more proactively which will lead to enhanced customer experience and the reflection will be evident in the financial statements of an organization. There are a few investigations as well which have provided with the explicit measures of the relationship between employee satisfaction, customer satisfaction and the financial performance of an organization. For example, a study at Sears Roebuck & Co. came with findings that a five-point improvement in employee attitudes led to a 1.3 rise in customer satisfaction which, in turn, generated a 0.5 increase in revenues.

Employees who are satisfied with their jobs likely to be more involved in their organizations and deliver more quality services. Researchers have argued that service quality is influenced by job satisfaction of employees and many researchers have evidence that job satisfaction felt by employees is associated with the quality of service which they provide to their customers (Sinha, 2011).

Employee satisfaction contains basic factors, excitement factors and performance factors. Basic factors are the minimum requirements that cause dissatisfaction. Excitement factors increase customer satisfaction and performance factors result in satisfaction only when performance is high (Naseem et al, 2011). Satisfied employees tend to be more involved, dedicated, have greater organizational commitment, more loyal and productive towards customer needs, this enhancing customer satisfaction, which is the ultimate aim of business today (Naseem, 2010; Yee, 2008; Kim, 2004; Lings, 1999; Heskett, 1997). Harter et al (2002) found that employee satisfaction resulted in higher productivity and reduction in employee turnover. However, according to Dhal and Nayak (2015), the attrition rate in the outsourcing industry of our nation is increasing at an alarming rate which is acting as a hindrance towards attaining pinnacle position in customer service industry and factors like low career growth, job satisfaction and stress are believed to be the primary reasons. However, there is a dearth of exploratory and empirical studies in the landscape of outsourcing industry of India that have explored the subject of employee satisfaction for the workforce deployed in this industry. This study endeavoured to bridge that gap and aimed at gaining useful insights pertaining to employee satisfaction for the BPO employees which would be first stride towards building an effective customer service model.

OBJECTIVES OF THE STUDY

- To analyse the factors for Employee Satisfaction
- To check the Reliability and Internal Consistencies of the questionnaire Implementing Cronbach's Alpha.
- To analyse the impact of demographic factors (Age, Sex and Organizational Tenure) on Employee Satisfaction

RESEARCH METHODOLOGY

The nature of the study was exploratory as well as empirical since it endeavoured to explore the factors that cause satisfaction among the employees and also to investigate the impact of the demographic factors e.g. age, sex and organizational tenure on employee satisfaction. The study also aimed to check the reliability of the scales. To achieve the objectives of the study, Exploratory Factor Analysis was implemented to identify the factors and for the construction of the scale for Employee Satisfaction while Cronbach's alpha was used to determine the reliability. One Way ANOVA and T test were implemented to check the impact of the demographic factors (age, sex and organizational tenure) on employee satisfaction.

HYPOTHESES OF THE STUDY

This study had following hypotheses:

- H₀₁: there was no impact of age on employee satisfaction
- H_{A1}: there was an impact of age on employee satisfaction
- H₀₂: there was no impact of sex on employee satisfaction
- H_{A2}: there was an impact of sex on employee satisfaction
- H₀₃: there was no impact of organizational tenure on employee satisfaction
- H_{A3}: there was an impact of organizational tenure on employee satisfaction

SAMPLING FOR THE STUDY

Purposive random sampling was used in this study. In purposive random sampling, the major stakeholders are identified who play a major role in designing the program or service being evaluated along with giving, receiving or administering the same, and who might also be impacted by it (Ted Paly, 2008).

The permission to collect the data from the four leading business process outsourcing organizations in Delhi was sought under the condition of not revealing the names of those B.P.Os. List of respondents was received from HR department. Participants were contacted in their organizations. Participants were briefed about the objectives of the study and proper instructions were given. The participants were assured of the confidentiality of their participation.

The total number of questionnaires distributed was six hundred, one hundred and fifty for each outsourcing organization. The rate of return was 79.5% i.e. 477 filled up questionnaires were received. Hence, the final considered questionnaires for the study were 477. The demographic distribution of the sample is given in the Table 1.

Table: 1 Respondents' Profile

Dimensions	Category	Percentage of Respondents
Gender	Male	28
	Female	72
Age	Below 25 years	15.5
	26-35	28
	36-45	27.2
	Above 45 years	29.3
Organizational Tenure	<2 Years	28.1
	2 to 5 years	33.3
	> 5 years	38.6

It could be found from Table 1, that a little more than 70% of the respondents were female, while around 30% of the respondents were male. Around 30% of the respondents were above 45 years while the majority of the respondents (nearly 70%) of the respondents were below 45 years which reflected the young and dynamic workforce of the B.P.Os. It could be noticed also that a significant percentage of the respondents, 61.4%, had an experience between 0-5 years.

DESIGN OF QUESTIONNAIRE

The questionnaire consisted of two parts. The first part was about the personal and demographic information while the second part was about employee satisfaction. The employees were asked to rate about different facets related to their job, compensation, supervisor, colleagues and the workplace. The items were given the format of a proper questionnaire along with instructions in order to carry out the empirical evaluation of these items. A seven point Likert type scale was used with the following anchors: "1 -Strongly disagree", "2-Disagree", "3-Somewhat Disagree", "4-Undecided", "5-Somewhat Agree", "6-Agree", "7-Strongly Agree".

FACTOR ANALYSIS AND TEST OF RELIABILITY

Factor analysis was carried out with Principal Component Method and Varimax rotation in order to identify the latent variables that were instrumental for employee satisfaction in the outsourcing organizations in Delhi. The purpose of factor analysis was to obtain theoretically meaningful dimensions pertaining to the study.

Before conducting factor analysis, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) and Bartlett's test of Sphericity was carried out to see the suitability of the factor model. The KMO was .89. Similarly, the Bartlett test for Sphericity was found to be significant (p <.000), which suggested that the data was fit for factor analysis.

The items to be retained in any factor were selected on the basis of the following criteria.

- The selection was constrained using the criteria of Eigen values > 1.00
- Meeting the criteria of factor loading generally not less than .45

DATA ANALYSIS

Table: 2

Final Selected Items for Employee Satisfaction

Factors	Statements	Factor Loading
Career growth	I have established career path in my company	.78
	I consider that my work is valuable in attaining my goals	.76
	I have adequate opportunity to use my skills and abilities	.75
	I have opportunities to learn and grow	.72
	I am given enough authority to make decisions I need to make	.51
	the company provided as much as training as I need	.59
	I have the materials and equipment I need to do my job well	.59
Relaxed Work Environment	working hours are convenient for me	.74
	I am given enough authority to make decisions I need to make	.52
	deadlines at work are realistic	.67
	my workload is reasonable	.62
	I can keep a reasonable balance between work and personal life	.55
	my physical working conditions are good	.51
	I am satisfied with the safety and security measures provided by the organization	.47
Compensation and Rewards	I feel I am being paid a fair compensation for the work I do	.67
	I am satisfied with my chances for getting a promotion	.67
	the salary we receive are good as other organizations pay to their employees	.66
	my company gives enough recognition for work that is well done	.51
Team Dynamics	my supervisor treats me fairly	.71
	my supervisor treats me with respect	.69
	my views and participation are valued	.65
	my supervisor gives me guidance	.61
	I am satisfied with the support from my co-workers	.57
	"politics" at work are kept at minimum	.54

Self Esteem	my supervisor asks for my input to help in the decision making	.78
	my supervisor gives me feedback	.76
	my supervisor gives appreciation for job well done	.59

Table: 3
Eigen Values and Percentage of Variances explained by five factors of Employee Satisfaction (n=477)

Factors	Eigen Values	% of Variance Explained By The Factors	Cumulative % of Variance
Career growth	9.06	32.373	32.373
Relaxed Work Environment	2.79	9.954	42.328
Compensation and rewards	1.180	4.215	46.543
Team dynamics	1.664	5.944	52.487
Self esteem	1.515	5.409	57.896

Table: 4
Cronbach's Alpha Reliabilities of Employee Satisfaction and its subsets (N=477)

Dimension	Number of Items	Cronbach's Alpha
Career growth	7	0.89
Relaxed Work Environment	7	0.83
Compensation and Rewards	4	0.63
Team Dynamics	6	0.78
Self Esteem	3	0.68

Table: 5
ANOVA: Impact of Age on Employee Satisfaction

Dimension	F Value	Sig Value
Career growth	172.67	0.000**
Relaxed Work Environment	29.65	0.000**
Compensation and Rewards	1.14	0.333
Team Dynamics	24.84	0.000**
Self Esteem	3.36	0.019**

**significant at 0.05 level of significance

Table: 6
ANOVA: Impact of Organizational Tenure on Employee Satisfaction

Dimension	F Value	Sig Value
Career growth	5.65	0.004**
Relaxed Work Environment	2.65	0.072
Compensation and Rewards	7.942	0.000**
Team Dynamics	10.683	0.000**
Self Esteem	0.657	0.519

**significant at 0.05 level of significance

Table: 7
T Test: Impact of Gender on Employee Satisfaction

Factors	Mean Score Difference (Female – Male)	T Statistics	Sig Value
Career growth	.64	.84	.400
Relaxed Work Environment	.30	.43	.668
Compensation and rewards	.98	2.45	.013**
Team dynamics	1.00	1.804	.072
Self esteem	.18	.551	.582

**significant at 0.05 level of significance

FINDINGS OF THE STUDY
Employee Satisfaction

Results of factor analysis for Employee Satisfaction yielded five factors of Employee Satisfaction and labelled as Career Growth, Relaxed Work Environment, Compensation and Rewards, Team Dynamics and Self-Esteem. The five factors accounted for around 58% of variance which means that these five factors explained 58% of Employee Satisfaction. The factors along with the variables comprising the factors

are given in Table 2.

Table 3 showed that Factor I (Career Growth) had an Eigen value of 9.06, which explained 32.37% of the total variance, whereas Factor II (Relaxed Working Conditions) had an Eigen value of 2.79 and explained 9.954% of the total variance. Factor III (Compensation and Rewards) had an Eigen value of 1.18 and explained 4.215% of variance; while Factor IV (Team Dynamics) and Factor V (Self-Esteem) had Eigen values of 1.664 and 1.515 respectively explaining 5.944% and 5.409% of the total variance respectively. The total variance explained by the five factors was 57.896%.

In order to establish the internal consistency and reliability of the Employee Satisfaction questionnaire and its five factors, Cronbach's alpha was computed and the results were shown in Table 4. Results in the Table 4 showed a satisfactory level of reliability coefficients for the five factors of Employee Satisfaction construct. It ranged from 0.63 to 0.89, indicating a good internal consistency for five factors that comprised Employee Satisfaction. The reliability of the Organizational Attributes construct was 0.91.

Impact of Demographics on Employee Satisfaction

One Way ANOVA and Independent Samples T Test were implemented to analyse the impact of demographic factors (age, sex and organizational tenure) on employee satisfaction. While independent samples T test was used to find the impact of gender on employee satisfaction, one-way ANOVA was implemented to investigate the impact of age and organizational tenure on employee satisfaction across the four outsourcing organizations in Delhi. The results are displayed table 5, table 6 and table 7.

From table 5, it was evident that Age had an impact on Career Growth (Sig value, .000), Relaxed Work Environment (Sig value, .000), Team Dynamics (Sig value, .000) and Self-Esteem (Sig value, .019), since the Sig value was less than the set level of significance ($\alpha=.05$) for all these dimensions. However, the Age seemed to have no impact on the Compensation and Rewards dimension since the Sig value for Compensation and Rewards was .333, which was higher than the α (.05).

From table 6, it was evident that Organizational Tenure had an impact on Career Growth (Sig value, .000), Compensation and Rewards (.000) and Team Dynamics (Sig value, .000), since the Sig value was less than the set level of significance ($\alpha=.05$) for all these dimensions. However, the Organizational Tenure seemed to have no impact on the Relaxed Work Environment (.072) and Self-Esteem (.519) dimensions since the Sig values were higher than the set level of significance α (.05).

The T test results in the table 7 indicated that the mean responses between the male and the female employees were close to each other, since the mean differences in most of the cases were very close, in decimals. The results further indicated that except Compensation and Rewards, there were no significant differences between the mean responses by the male and female employees of four outsourcing organizations. The reason being, only the Sig value for Compensation and Rewards (.013) was lower than the set level of significance, .05, while the sig values for the rest of the dimensions were higher than the α value.

The results indicated that the demographic factors had an impact on responses pertaining to each dimension of employee satisfaction.

CONCLUSION

The study had two fold objectives: first to identify the factors that contributed to employee satisfaction among the employees across four outsourcing organizations in Delhi and to analyse whether the demographic factors (age, sex and organizational tenure) influenced the mean responses across different level of demographic groups. The results and findings indicated that the insights acquired through this study was in line with a few past researches. This study identified five primary factors (Career Growth, Relaxed Working Environment, Compensation and Rewards, Team Dynamics and Self-Esteem) those were instrumental to employee satisfaction that comprised 26 variables. The results supported the findings of the study by Dhal and Nayak (2015) where they conducted an analysis with 30 variables to identify the contributing variables for employee satisfaction. Though the

results for factor analysis for that study was not available yet the variables were very much in sync with the variables under this study. In another study, *Survey Monkey*, a survey portal, attempted to analyse the factors contributing to employee satisfaction among employees working in the outsourcing industry in Philippines. 30 variables were implemented under five factors (Career Development, Compensation and Reward, Relationship with the Supervisor and Colleagues, Communication and Motivation, Work Environment and Nature of Job) to record the employee responses. In the same line this study after an Exploratory Factor Analysis yielded a five factors' model that comprised 26 out of 28 variables that was used to record the responses of the subject under study. This study also revealed that the demographic factors (age, sex and organizational tenure) had an impact over the responses of the employees across different demographic factors. The findings of this study supported the study by Lee & Wayb (2010) which stated that the distinction of individual employment characteristics might influence how employees feel about their work environment. The findings of this study also supported the study by Dawal et al (2009), where it was said that the employees' age, marital status and work experience could be possible influencing factors behind job satisfaction. Thus, the study was successful to acquire useful insights which were in the line with previous studies. However, the unique point of this study was the empirical proof which was not so evident in the earlier studies.

RECOMMENDATIONS OF THE STUDY

The aim of the study was to identify the factors that were instrumental behind fostering employee satisfaction among the employees of the four outsourcing organizations in Delhi. The study revealed five primary factors that was believed to be responsible for employee satisfaction. They were Career Growth, Relaxed Work Environment, Compensation and Rewards, Team Dynamics and Self-Esteem. The satisfactory test statistics for reliability analysis indicated high internal

consistency among the questionnaire. However, Confirmatory Factor Analysis should also be carried out in order to reconfirm the findings of the study.

Further, the impact of age, sex and organizational tenure upon the responses pertaining to the dimensions of the employee satisfaction were analysed and it was found that each demographic factor had its impact on some of the dimensions of employee satisfaction. However, a Post Hoc study must be done to determine the level at which there was discrepancy. It would enable to figure out the group of employees whose responses were on the higher side of the scale and the group of employees whose responses were on the lower side of the scale. The employees whose score would be on a lower side could be probed further so as to understand their resentment and thus, higher employee satisfaction can be attained. However, this study did not carry out Confirmatory Factor Analysis or Post Hoc Study since it was beyond the scope for this study. However, the researchers are committed to carry out such researches in near future and the findings would be shared with the academicians.

Another recommendation of this paper is along with the employee satisfaction, the key dimensions pertaining to customer satisfaction should also be studied in tandem. Once the key dimensions for both the employee satisfaction and the customer satisfaction are identified, the inter-relationship between the two should be studied so as to analyse the impact of employee satisfaction upon customer satisfaction. This will ensure that in this process the outsourcing organizations will attain the organizational goals of providing their customers with better customer experience which would propel the financial growth of the industry and thus would contribute to the overall economic growth of the nation.

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