



A STUDY TO IDENTIFY THE FACTORS OF JOB SATISFACTION THAT DISCRIMINATES BETWEEN HIGH AND LOW JOB TURNOVER INTENTION AMONG BPO EMPLOYEES IN COIMBATORE

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Abstract:

Reducing employee turnover through retention practices is an area of great interest for employers who depend on a highly skilled workforce. Employee turnover is a cause for concern when the best and brightest employees leave the organization for another, and there may be something that the organization could do to retain the employees. Turnover is costly for organizations. Hence, the present study investigates the main reasons for employee's intention to quit. The industry is attractive and lucrative for the young Indian. The job satisfaction and intention to quit are inversely related. For work to be meaningful and pleasurable to the person who performs it, organizations must correspond to the employees in the field of interest, allow individual to exercise their skills and judgement, show creativity in problem solving and have a say in the decisions that concern them, stimulate development of potential and allow them to achieve goals effectively. Avoiding rotating shifts and maintaining standard working hours for a longer duration will help to maintain better healthy conditions. Retention strategy plan should be different for different level of employees, due to the change in needs as per their roles in the organization.

Key Words: Employee Turnover, Intention to Quit, Job Satisfaction & Retention Strategy

An Overview of Business Process Outsourcing Industry:

The concept of Outsourcing has been in use since the turn of the 20th century, when Ford decided to outsource rubber, instead of owning rubber plantations. Outsourcing originated in the 1960s in the financial and operation support areas in service bureaus, system houses and other professional systems management facilities. In 1963, Electronic Data System (EDS) was the first company to take over the entire data processing department of Blue Cross of Pennsylvania (Dibbern et al., 2004).

Margorzata (2004), define outsourcing as the operation of shifting a transaction, previously governed internally, to an external supplier through a long-term contract and involving the transfer of staff to the vendor for the firm. Undoubtedly, the multifaceted activities of Business Process Outsourcing is providing add on value to the organizations and enabling them to scale new heights of success in the highly competitive globalized world (Mehta et al., 2011).

Turnover Intention:

One of the areas, most widely researched in organizational analysis is employee turnover. Turnover is defined as the rate at which employees voluntarily resign from their position in the organization (Bernardin, 2003). The intention to leave has been identified as the most immediate psychological determinant of actually quitting the job (Hom and Griffeth, 1995). Intention to turnover refers to an individual's perceived probability of staying or leaving an employing organization (Cotton and Tuttle, 1986).

Factors Influencing Turnover Intention:

The literature evidences have been indicated that the turnover problem is a considerable issue for all organizations. Turnover intention is not only influenced by a single factor as there are several variables that could predict it. For example, literature has identified work related factors, personal characteristics and external factors as determinants of employee turnover tendency (Tyagi and Wotruba, 1993). Therefore, the identification of other factors that relate or impact on turnover intentions is considered important. In this study therefore, gender and tenure are examined as other potential factors in turnover intention.

Studies have shown that employees are most productive when they are happy and motivated and are getting the best out of life at work as well as at home. But the 21st century work place poses several new challenges and problems for employees in the form of dynamic work environment.

Turnover Intention is measured with 6 variables, with the responses of employees such as Strongly Agree, Agree, Disagree and Strongly Disagree. The questions used for this survey is on the opinion of staying in the BPO industry, scarcity of alternatives, leaving considered as personal sacrifice, regretting for working in this industry, no gain in working with this industry, quitting due to better offer. These factors are considered influencing the BPO employees on their job.

Impact of Turnover on Organizations:

Turnover offers opportunity to keep the organization dynamic by introducing employees with new ideas, skills and personalities. It also allows an opportunity to replace marginal workers with more productive workers. Consequences of turnover may be either at the organizational or personal levels having both positive and negative consequences. Negative consequences to organizations include tangible and intangible cost. Negative consequences to an individual include high expectation which might not materialize, losing seniority, and disruption of social life. Some other negative consequences are strategic opportunity costs, disruption of social and communication patterns (Safdar, 2012).

Positive consequences include dislocation of poor performer, improvement, flexibility, adaptableness, conflicts resolution, and a reduction in other withdrawal behaviours (Safdar, 2012). Positive consequences include higher income, job challenge, escape from stress environment (Safdar, 2012). Turnover may also bring positive consequences like reallocation of organizational resources (Staw, 1980).

Reducing employee turnover through retention practices is an area of great for interest employers who depend on a highly skilled workforce. Employee turnover is a cause for concern when the best and brightest employees leave the organization for another, and there may be something that the organization could do to retain the employees. Turnover is costly for organizations. Hence, the present study investigates the main reasons for employee’s intention to quit.

Discriminant Analysis of Job Satisfaction and Turnover Intention:

Regarding the direct effect of job satisfaction on turnover intention (Chun, et al., 2012), it is suggested that job satisfaction is the antecedent variable of turnover intention, indicating that job satisfaction has a significantly negative impact on turnover intention. This study proposes the following hypothesis: the job satisfaction factor has discrimination between high and low turnover intention with an objective to identify the factors of job satisfaction that discriminates between high and low job turnover intention.

To verify the hypotheses discriminant analysis is used.

$$D = L1.X1 + L2.X2 + \dots\dots\dots + LK.XK$$

where Xi ‘s are predictor variables, Li’s represents the discriminant coefficients, and D is the value of the discriminant function of a particular individuals/element such that if this value is greater than a certain critical value $D^*=(D1 \text{ bar} + D2 \text{ BAR})/2$, the individual would be classified in Group I ; otherwise the individual would be classified in Group III.

In the present study there are two groups, namely, those respondents with lower mean turnover intention score (Group I n1=174); and respondents with higher mean turnover intention score (Group II n2= 256) of the employees in the BPO sector. Eight Predictor variables considered for the analysis includes the following:

- F1- Facilities at Work Place
- F2- Freedom and inter personal relationship
- F3- Financial and Non-financial benefits
- F4- Work Flexibility and Security
- F5- Nature of Job
- F6- Workplace Ambience
- F7- Professional Development
- F8- Work Tools and Promotion

Table 1: Mean Score

Explanatory Variables	Respondents with	
	Lower Turnover Intention (n1=174)	Higher Turnover Intention (n2= 256)
F1- Facilities at Work Place	2.53	2.85
F2 - Freedom and inter personal relationship	2.91	3.10
F3 - Financial and Non-financial benefits	2.63	2.61
F4 - Work Flexibility and Security	2.87	2.96
F5 - Nature of Job	2.87	3.00
F6 - Workplace Ambience	2.63	3.04
F7 - Professional Development	2.70	2.77
F8 - Work Tools and Promotion	2.65	2.91

Table 2: Tests of Equality of Group Means – Univariate ANOVAs

Explanatory Variables	Wilk’s Lambda	F(DF=1, 428)	Sig
F1- Facilities at Work Place	0.95	22.63**	0.00
F2 - Freedom and inter personal relationship	0.98	10.68**	0.00
F3 - Financial and Non-financial benefits	1.00	0.02	0.88

F4 - Work Flexibility and Security	0.99	2.65	0.10
F5 - Nature of Job	0.99	4.75*	0.03
F6 - Workplace Ambience	0.91	44.04**	0.00
F7 - Professional Development	1.00	0.90	0.34
F8 - Work Tools and Promotion	0.98	8.20**	0.00

*-Significant at 5 % level **-Significant at 1 % level

Discriminant Function Fitted:

• $(D = - 4.673 + .80 F1 + .44 F2 - .88 F3 - .28 F4 - .21 F5 + 1.26 F6 - .31 F7 + .43 F8)$

Test Functions:

Eigen value	:	0.201
Percentage of variation explained	:	100
Wilks Lambda	:	0.833
Chi-square	:	77.60**
DF = 8 p	:	0.000
Canonical Correlation	:	0.409

The discrimination function fitted with 8 explanatory variables. This equation is statistically significant and adequately classify the original data into two groups namely respondents with lower turnover intention and respondents with higher turnover intention. The above function is useful for classifying the new individual to either of the groups.

Classification of Individual:

Using the discriminant function fitted and the observed predictor variables of the respondents, the respondents are classified and the correct % of classification is presented below.

Table 3: Percentage of Correct Classification by using Discriminant Function on the Data

Respondents with	Lower Turnover Intention	Higher Turnover Intention	Total
Lower Turnover Intention	103	71	174
Higher Turnover Intention	80	176	256

The table 3 shows that out of 174 respondents with lower turnover intention, 103 were correctly classified; out of 256 respondents with higher turnover intention, 176 were correctly classified. Hence the percentage of correct classification is 67.9 of original grouped cases correctly classified. The percent of correct classification of respondents using the observed observation clearly indicates adequacy of the model in discriminating between the two groups.

Relative Importance of Predictor Variable:

The relative importance of each predictor variables in discriminating between the two groups is obtained and the results are presented below.

Table 4: The Relative Importance of Variables in Discriminating between the Groups

Explanatory Variables	Mean Difference (A)	Discriminant Coefficient (B)	Importance value of the variable observed value of $(A*B)=(I_j)$	Relative Importance (R _j)%	Rank
F1 - Facilities at Work Place	-0.32	0.80	0.2567	24.3	2
F2 - Freedom and inter personal relationship	-0.19	0.44	0.0837	7.9	4
F3 - Financial and Non-financial benefits	0.01	-0.88	0.0094	0.9	8
F4 - Work Flexibility and Security	-0.09	-0.28	0.0252	2.4	6
F5 - Nature of Job	-0.13	-0.21	0.0275	2.6	5
F6 - Workplace Ambience	-0.41	1.26	0.5231	49.5	1
F7 - Professional Development	-0.06	-0.31	0.0202	1.9	7
F8 - Work Tools and Promotion	-0.26	0.43	0.1108	10.5	3
Total			1.0566	100	

It is seen from the above that three variables namely F6 - workplace ambience, F1 - Facilities at Work Place and F8 - Work Tools and Promotion are substantially important variables in discriminating between the two groups namely respondents with lower turnover intention and with higher turnover intention. Hence, the null hypothesis is rejected and concluded that there is discrimination in job satisfaction between high and low turnover intention of employees.

Suggestions:

For work to be meaningful and pleasurable to the person who performs it, organizations must correspond to the employees in the field of interest, allow individual to exercise their skills and judgement, show creativity in problem solving and have a say in the decisions that concern them, stimulate development of potential and allow them to achieve goals effectively. Avoiding rotating shifts and maintaining standard working hours for a longer duration will help to maintain better healthy conditions. Retention strategy plan should be different for different level of employees, due to the change in needs as per their roles in the organization.

Creating friendly environment in the work place will enable employees to have greater satisfaction. Managers must take initiative to give feedback of work to employees. Feedback is also likely to be salient within modern settings, especially given the prevalence of electronic performance monitoring (EPM). Employees will benefit from EPM, because it provides accurate, fair and timely feedback that can help them cope with work demands. The communication systems in the organization need to be clear and precise. Team work must be appreciated.

Organizations must take effort to ensure that the employees have sense of belongingness towards BPO job by taking periodical feedbacks from employees regarding working in BPO industry. Opinion poll on continuing with the BPO jobs is also advisable for organizations at least once in a year. This can help organizations to bring changes to retain employees. Breaks and refreshments in between working hours will make the employees to feel refreshed and thereby help to reduce eye strain, neck ache and head ache to avoid stress. Industry can opt for campus recruitments to attract younger generation groups. Part-time offers can be introduced to educational institutions and later options can be given for direct intake as full time employees. As the age of the employee increases, more responsibilities can be handed over to get full involvement and better recognition. Pay scale and promotion may be revised and changed, according to the years of experience gained, to make the employees satisfied on the job. As age increases the employee tend to get more stress, so organizations can consider age as a factor to place employees in appropriate positions in order to reduce stress of the employees. Personal care can be shown on the employees to make them more committed towards the organization. Experienced employees are mostly committed to the organizations and so organizations need to take steps to retain them. As income has a direct effect on the turnover intention of the employees, organizations must identify the employee needs to make them continue on the job.

Conclusion:

The BPO industry holds special relevance for India because in terms of outsourcing, India is one of the top ranked destinations. The industry is attractive and lucrative for the young Indian. The job satisfaction and intention to quit are inversely related. Intention to leave is strong when total job satisfaction is low, while satisfaction remains at a high level, employee turnover is low (Vecchio, 2000). Retaining human capital and leveraging on it becomes an effective strategic tool for attaining a competitive advantage (Carmelli and Schaubroeck, 2004; Carmelli and Schaubroeck, 2005). To attract more youth towards BPO sector, organizations can provide performance based incentives and make them feel young achievers to get high package in the initial stage of their career. Top performers can be given star of the period recognition with monetary benefits. Shifts system in BPO industry can be differentiated on gender basis for the convenience of the female employees and to retain them. Organizations can divide the nature of work between married and unmarried employees, to bring in convenience to work and make them feel comfortable in future too, to retain them. Under graduate employees may be given an option to earn while learning by providing option for post graduation.

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