The Relationship of Managerial Styles to Employee Job Satisfaction in selected Business Process Outsourcing Firms in the Philippines

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Abstract—The study aimed to investigate the rank and file employees' job satisfaction in relation to their managers' leadership styles. The researcher attempted to answer the following questions: (1) What is the leadership style of the managers in Business Process Outsourcing firms in Pasig City, Philippines? (2) How do the respondents assess the leadership style of their managers? (3) How do the respondents assess the level of job satisfaction in terms of Extrinsic and Intrinsic aspects? And (4) Is there a relationship between the manager's leadership style and the employee job satisfaction as assessed by the respondent?

Descriptive research method was used in this study. Two Hundred Seventy rank and file employees of selected BPO firms in Pasig City, Philippines participated in this study. Majority of the respondents (58.2%) were females, 139 in total. The highest age group of respondents (36.8%) includes those between 21-25 years and the smallest one those between 18-20 years (2.5%).

Majority of the respondents had stayed in their respective companies between 1-2 years of work experience (74.5%) and only 29 have reached 5 years (12.1%). All the hypotheses were tested using the multiple regression analysis. All the null hypotheses were rejected.

Two types of leadership styles, namely, transactional and transformational were found to have direct relationships with employees' job satisfaction. Passive Avoidant Leadership was the most prevalent Leadership Style in Business Process Outsourcing firms.

Index Terms— BPO; Call Center; Transformational Leadership; Transactional Leadership; Passive Avoidant Leadership

I. Introduction

The Philippines Business Process Outsourcing or Call Centers have been the fastest growing industry in the business sector since the last decade. The business process outsourcing industry in the Philippines has grown 46% annually since 2006. This boom is led by demand for lower labor costs, a highly skilled and educated work force, and high proficiency in spoken English. (Wikipedia, 2012). IT-BPO industry could employ up to 1.3 million Filipinos and account for nine percent of GDP; Annual revenues could more than double from $9 billion in 2010 to $25 billion in 2016 – equivalent to a 10% share of the global market (IBPAP, [1] 2015)

In 2010, the Philippines' BPO industry has overtaken India making the country a premiere contact center destination among foreign companies. According to Hernandez of CCAP [2], we won the race not because we're cheaper, in fact our price is higher than the competition, and we won because of the quality we bring and our cultural affinity with Americans.

The rise of the BPO in the Philippines took its share of growing pains. High attrition rates among call centers has been the most common issue as call center hopping became a trend among the workforce. In contact centers, employees complain of a high stress level which is one major reason for the high turnover rate of employees in the industry. Despite the good compensation and benefits in contact centers, the industry experiences high attrition rates. Limited opportunities for promotion, night shift schedule, type of task and recognition at work are among the top reasons for high attrition.

High attrition is one thing; lack of qualified applicants is another. Opportunities from foreign companies are flourishing evident from consistent demand and hiring invitations we see from all forms of media. "The demand is not the issue, the problem, is the lack of labor supply, as the industry hires only eight out of 100 applicants. The continued rise of the peso against the dollar is compounding the problem as it translates to lower revenues for the entire industry." (Hernandez/CCAP, 2016)

Providing job satisfaction to the company's workforce is definitely the biggest challenge and the most crucial issue with BPO for many years. The industry is highly governed by a young, less-experienced workforce where future leaders are gathered from, this has been proven by a competitor country, India, which suffers 40 – 55% attrition yearly according to the Associated Chambers of Commerce and Industry of India (Press Trust of India, [3] 2013). Although Philippines have overtaken India in terms of global competitiveness back in 2010, the country is not exempted to this hampering issue. Attrition and job satisfaction determine the labor supply picture and is very essential in order to sustain the growth on this industry.

II. METHODOLOGY

The study made use of the descriptive research design using survey and correlational procedure. The dependent variable was job satisfaction of call center agents and the independent variables were the Transformational Leadership styles of the call center managers/supervisors as perceived by the agents. It is correlational in nature because the study attempted to estimate the extent to which the different variables are related to each other in population interest. Correlational studies enable the researcher to collect information from the subject in a standardized manner through the use of questionnaires, interview or observation in a natural rather than in a contrived manner. In this study, survey questionnaires were used to gather the information on the call center agents' perception of their superior's leadership styles and their job satisfaction. Correlational procedures were used to determine the relationship between the Leadership styles and the dependent variable, job satisfaction.

The respondents of the study were the rank and file employees from the call centers in Ortigas Center, Pasig City Philippines. The total population of both companies was 790, out of which, 239 respondents were taken for surveying. Stratified sampling was used since the strata were formed based on members' shared attributes or characteristics. A random sample from a specific stratum which is the category of employees based on tenure is taken then compared to the population. This study made use of the following instruments: The Multifactor Leadership Questionnaire 5x (Bass & Avolio 1995 [4]) which consisted of 32 items rated by a 5 point Likert Scale. The second section contained Job Satisfaction Questionnaire (Seashore 1975). It is a 36-item, 9-component scale rated by a scale with 6 representing the strongest agreement and 1 representing strongest disagreement.

TABLE I. FREQUENCY AND PERCENT DISTRIBUTION OF THE RESPONDENTS BY SEX

Sex	Frequency	Percent
Male	100	41.8
Female	139	58.2
TOTAL	239	100.0

Table I shows that out of 239 respondents, 139 or 58.2 are female and 100 or 41.8 were male. This finding supported the National Statistics Office's (NSO) findings on a statistical survey they did in 2010 where they found that more than half (54.9%) of the total workforce (212,990) for BPO activities or 116,866 were female workers. They concluded that women outnumbered men in BPO's though majority of men still occupy the higher paying roles. They further concluded that women were attracted to these types of jobs.

TABLE II. FREQUENCY AND PERCENT DISTRIBUTION OF THE RESPONDENTS BY AGE

Age	Frequency	Percent
18-20 years old	6	2.5
21-25 years old	88	36.8
26-30 years old	85	35.9
31-35 years old	44	18.4
36 years old and above	16	6.7
TOTAL	239	100.0

Table II shows that 88 or 36.8% of the respondents were aged 21 to 25 years old, 85 or 35.6% were aged 26 to 30 years old, 44 or 18.4% belonged to the 31 to 35 years old age bracket, 16 or 6.7% belong to the 36 years old and above range. An article published by the Philippine Daily Inquirer [5], 2011 discussed wellness and health issues experienced by BPO employees; they averaged the range of BPO workers' age at 26 to 28. The following year, another article discussing pride and salary in BPO's declared that the median age of BPO workers were "23". The GMA Network news in June 2013, also posted an online article tackling BPO workforce demographics also determined the median age of BPO workers to be "22.7". These numbers were close to the researcher's age findings in this study. This suggested that young people were attracted to work in BPO as they were more amenable with graveyard shifts. Another factor that attracted workers to BPO was the ease of entry as most BPO's do not require their applicants to be college graduates.

TABLE III. FREQUENCY AND PERCENT DISTRIBUTION OF THE RESPONDENTS BY HIGHEST EDUCATIONAL ATTAINMENT

Highest Educational Attainment	Frequency	Percent
High School	9	3.8
College	203	84.9
Post Graduate	27	11.3
TOTAL	239	100.0

Table III shows that 203 or 84.9% of the respondents have finished or have reached College, 27 or 11.3% have finished or have reached Post Graduate studies, 44 or 18.4%, and lastly 9 or 3.8% had only reached or finished High School. This finding suggested that there was a constant stream of college-educated applicants in BPO.

TABLE IV. FREQUENCY AND PERCENT DISTRIBUTION OF THE RESPONDENTS BY TENURE OF SERVICE IN THE COMPANY

Tenure of Service in the Company	Frequency	Percent
1-2 years	178	74.5
3-4 years	32	13.4
5 years and above	29	12.1
TOTAL	239	100.0

Table IV shows that 178 or 74.5% of the respondents had been with their respective companies for a duration of 1 – 2 years, 32 or 13.4% have been with their respective companies for a duration of 3 – 4 years, and lastly, 29 or 12.1% of the sample population had stayed 5 years and above with their respective companies. A lot of factors contributed to the frequency of attrition or shorter tenure in BPO. Common were the health effects of graveyard shift, lack of security of tenure due to contractual or non-regularization. Organization structures severely constrain opportunities for promotion and further contribute to the sector's high labor turnover (Montecillo, [5] 2011)

The objective of this study was to determine the relationship between leadership style and job satisfaction of rank file employees on selected call centers in Ortigas, Pasig City. It researched the leadership style being employed by the managers, consciously or not, and how it affects the employees' overall job satisfaction.

The study used the Descriptive method of research. Standard forms of Leadership (MLMQ5X short) and Job Satisfaction (JSS 36-item) Questionnaires were utilized on data gathering. A total of 270 surveys were distributed to rank and file employees of selected call centers in Ortigas, Pasig City. Majority of the respondents (58.2%) are females, 139 in total. The highest age group of respondents (36.8%) includes those between 21-25 years and the smallest one those between 18-20 years (2.5%).

Over half the participants have bachelor's degree (52%) and only 13.7% of them have a master's degree. A majority of the respondents have stayed in their respective companies between 1-2 years of work experience (74.5%) and only 29 have reached 5 years (12.1%). All of the hypotheses were tested using multiple regression analysis.

III. RESULTS AND DISCUSSIONS

This study determined the relationship of leadership styles to job satisfaction. Specifically, it sought out answers for the following problems/questions:

A. What is the Leadership Styles of the Managers in BPO's at Ortigas, Pasig City as Assessed by the Respondents?

The results of the survey showed that the majority of the rank and file employees perceived their managers to be employing the "Passive-Avoidant Leadership style. According to Bass & Avolio (1990, 2004), Passive-Avoidant Leadership is typical for managers who avoided involvement and did not react systematically to situations and problems which arose. Passive leaders did not clarify misunderstandings, do not make their expectations clear, and do not set clear objectives and performance standards for their followers. This style had very often a serious negative effect upon individual, group and organizational results. Outcomes were most of the time exactly opposed to the intended consequences. This is why this outlook on leadership is often called "no leadership".

B. How Do the Respondents Assess the Leadership Style of Their Managers in Terms of the Following?

1) Transformational

Among the components of Transformational Leadership styles, the results showed "Inspirational Motivation" to be the most pre-dominant component generating a grand mean of 4.23

2) Transactional

Among the components of Transactional Leadership styles, the results showed "Contingent Rewards" to be the most pre-dominant component generating a grand mean of 4.26

3) Passive Avoidant

The summary showed that among all the leadership styles, only "Passive-Avoidant" leadership style had a positive relationship with Job Satisfaction on all its components. Every Leadership style had negative relationship on some of the job satisfaction components particularly Communication and Contingent Rewards. This proved the earlier theories of Bass (1980) that subordinates and leaders/managers view working relationships as an "exchange" – "you give something for something in return", in Passive Avoidant Leadership, rewards and punishments were contingent upon the performance of the followers.

C. How Do the Respondents Assess the Level of Job Satisfaction in Terms of the Following Aspects?

1) Intrinsic

The study used the Descriptive method of research. Standard forms of Leadership (MLMQ5X short) and Job Satisfaction (JSS 36-item) Questionnaires were utilized on data gathering. A total of 270 surveys were distributed to rank and file employees of selected call centers in Ortigas, Pasig City. Majority of the respondents (58.2%)

Under Job Satisfaction's "Intrinsic" Category, the respondents rate all components with "slightly agree" suggesting their agreement or content with the rewards they were getting from their current job. Statements of "Contingent Rewards" earned the highest grand mean of 4.02

2) Extrinsic

Under Job Satisfaction's "Extrinsic" Category, the respondents rated the components supervision, co-workers, nature of work and communication with "slightly agree" suggested their agreement or content with the extrinsic rewards they are getting from their current job. However, one category yielded "slightly disagree" which is "Operating Conditions" earning a grand mean of 3.37 this suggests that there might be room for improvement in call centers' working environment such as facilities and technology. Statements of "Nature of Work" earned the highest grand mean of 4.25

D. Is There a Relationship between the Manager's Leadership Style and the Employee Job Satisfaction as Assessed by the Respondents?

The employee rated all leadership styles with "fairly often" with exception to Transactional "Passive Avoidant" component showing their full agreement of its

evidence on their leader / manager's style across all Job Satisfaction components. Job Satisfaction components such as Pay, Promotion, Supervision, Fringe Benefits, Co-Workers and Nature of Work had a positive relationship with Transformational, Transactional and Passive-Avoidant Leadership Styles. On the other hand, Job Satisfaction components such as Operating Conditions and Communication proved to be the opportunity areas as it gained a negative rate all throughout the relationship gauge with the exception of Passive-Avoidant Leadership Style. On a similar study conducted by Sajal Kabiraj [6] (2011) where he gauged job satisfaction of BPO employees, he concluded that BPOs are no more considered as "stepping stones" to other jobs rather than long term career prospects and that compensation is highly significant in determining job satisfaction.

IV. CONCLUSIONS

1. The findings of this study showed that leaders /managers in Business Process Outsourcing companies exhibited the "Passive-Avoidant" leadership character.

2. The respondents assessed their managers' employing the "Passive-Avoidant" leadership character.

2.1. Transformational Leadership styles seemed to be observed only "fairly often" by the employees. Among the transformational leadership components, it was "Inspirational Motivation" that had the highest grand mean (4.23). As it is traditionally studied, the inspirational motivation component of transformational leadership focused on the use of language and rhetoric to instill enthusiasm, optimism, confidence and purpose in followers. (e.g., Avolio et al., 1999; Bass, 1985). This fact supported the current practice in BPO's of using Language as the primary tool to engage positive behavior and commitment to employees.

2.2 Transactional Leadership styles proved to be the dominant style in BPO's. In the transactional leadership style, leadership amounts to a social exchange process involving a series of transactions between the leader and the subordinate exchanges rewards for services rendered (Burns, 1978), or what Bass (1985) characterized as a cost-benefit exchange process. Rules, procedures and standards are essential in transactional leadership. Followers are not encouraged to be creative or to find new solutions to problems.

2.3 Passive-Avoidant was the dominant leadership style observed on BPO's. Avolio & Bass identify Passive / avoidant leadership as typical for managers who do not react systematically to situations and problems which arise. Passive leaders do not clarify misunderstandings, do not make their expectations clear, do not set clear objectives and performance standards for their followers. This style had very often a serious negative effect upon individual, group and organizational results. Outcomes are most of the time exactly opposed to the intended consequences. This is why this outlook on leadership is often called "no leadership".

3. The general consensus of the respondents on their view regarding their Job Satisfaction was positive. They rated all the components with "slightly agree" more particularly "Contingent Rewards" under intrinsic category and "Nature of Work" under extrinsic category. This implied that BPO employees were happy with their jobs and its nature. They were willing to submit to Transactional Leadership Styles so long as they pay, benefits and rewards are abundant. (K.Lundby [7] 2009)

4. Positive relationship existed between Transactional "Passive Avoidant" and Job Satisfaction. Transformational Leadership style and its components don't seem to play a significant role on their Job Satisfaction. It looked like the employees could not care less with their Manager's Leadership style and were just particular with the Contingent Rewards available / present in their job. This is in congruence with a similar research done in BPO's in Kochi where employees were only concerned with five factors in their workplace: Co-workers, Operating procedures, Communication, Pay and Contingent reward (KR. Bindi, and V. Shanthaamani PhD [8] 2016) On the other hand, negative relationship was observed among Leadership Styles and Job Satisfaction Components Operating Conditions and Communication.

Based on the conclusions made, the following recommendations were proposed:

1. Disseminate the results of the study to managers for more awareness and improvement.

2. Though "Passive-Avoidant" type of leadership is not all negative, the results present an opportunity for the managers / leaders to see other Leadership components that are currently lacking in demonstration and execution. The managers will have a better view of what the employees prefer and adopt / practice other Leadership styles that best suits their environment and employee needs.

3. Additional training for managers can be initiated by the Management. These trainings can be targeted and focused on opportunity areas they obtained from this research, particularly communication styles and efficiency. The BPO leaders are expected to have a competitive ability to articulate the goals and vision of the company. Equipping line managers with the right skills and knowledge will help them retain positive morale and fun working environment.

4. Issues with family and social life brought about by erratic working hours, non-regular life style, and work pressure is an attribute affecting leaders and the way they handle their employees (G, Sangita Ph.D [9] 2018) Dialogues or Focus group discussions must be conducted by the upper management down to the line managers. This can also come in the form of social activities like "family day" which can be a good way to subtly conduct a business dialogue but making it look casual and informal.

5. Seeing Job Satisfaction components dominant on intrinsic side, Management can highlight these rewards and improve them in a way that will promote loyalty for the best leaders or managers employed in the company.

CONFLICT OF INTEREST

The author declares no conflict of interest.

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