

THE RELATIONSHIP OF JOB EMBEDDEDNESS AND OCCUPATIONAL COMMITMENT ON PROPENSITY TO STAY AMONG CONTACT CENTRE OUTSOURCING EMPLOYEES

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ABSTRACT

Contact Center Outsourcing has been identified as the knowledge-based business services in which Malaysia has an endowment to compete along the regional matured markets such as India and Philippines. However, challenges related to human resources particularly the high turnover rate experienced by the industry may impede future growth of the industry. Therefore, the study was conducted to identify the relationship between job embeddedness and occupational commitment to the propensity to stay among contact center employees. Questionnaires were used as instrument of data collection in which 169 respondents responded to the survey. Descriptive and correlation tests were performed to analyze the data collected. It was concluded that job embeddedness and occupational commitment were significantly correlated to propensity to stay among employees in contact center outsourcing industry.

Keywords: Contact Center Outsourcing; Job Embeddedness; Occupational Commitment; Turnover

I. INTRODUCTION

Asia Pacific has been experiencing high growth for the contact center (CC) industry in which the capacity was at about 1.7 million seats in 2008 and forecasted to grow compounded annually by 10.5% to reach over 3 million seats by 2014 (China Newswire.com, 2009). In the local market, Malaysia has been continuously promoting knowledge-based economy, leveraging from the growth and advancement of information and communication technology (ICT). The development of the Malaysian Super Corridor (MSC) has further spur the growth of Business Process Outsourcing (BPO) and Shared Services Outsourcing (SSO) in which Contact Center Outsourcing (CCO) services fall within the broad array of knowledge based services sector promoted by the government (SMIDEC, 2008; EPU, 2006). The BPO and SSO have been identified as a new knowledge-based business services in which Malaysia has an endowment to compete along the regional matured markets such as India and Philippines (Outsourcing Malaysia, 2009). Within the context of BPO and SSO, Malaysia has been regarded as an emerging market for CCO providing new job opportunities to both local talents and foreigners in the case of contact center offshore outsourcing (CCAM, 2010).

Malaysian contact centers stakeholders have been benefiting from the growth of CC industry in which there were estimated over 600 contact centers employing more than 25,000 people (APRG, 2010). The future growth of the industry in Malaysia is expected to remain positive despite competitive pressures from other matured markets such as India, Philippines and new emerging significance market in China. Technology, processes and human resources make up as the three major components of CCO operation.

The human resource aspect of CCO therefore should leverage the advancement of technology and processes within the context of industry competitiveness. Previous studies (eg; APRG, 2010; Asian Contact Center Industry Benchmarking Report, 2008) have highlighted that over half of CC in Asia were utilizing financial incentives in their attempts to retain employees. Retaining employee has caused the CC's operating cost to escalate. This scenario affects the country's competitive advantage as the low cost outsourcing destination will eventually irrelevant. Despite reported as the 3rd most preferred location destination for BPO behind India and China (A.T Kearny, 2011), much less attention has been paid to the position of smaller countries such as Malaysia. The business services industry present in the country in which BPO and SSO were categorized has been relatively under documented and theorized (Jarman & Chopra, 2008). Therefore, the study was conducted to identify the relationship between job embeddedness (JEMB) and occupational commitment (OC) to the propensity to stay (PTS) among contact center employees.

II. LITERATURE REVIEW

Contact Centre Outsourcing (CCO)

Contact Center has been defined as a dedicated and manned computerized operation system to receive inbound or make outbound calls as a contact point between firms and their customers. The advancement of ICT has influenced most of CC operations to innovate modern features and capabilities such as an automatic calls distribution (ACD) and inter-active voice response (IVR) to improve productivity (Robinson & Morley, 2006). Towards the early 2000s contact centers have become one of the most rapid growing sub-sectors of employment providers in many countries (Weinkopf, 2002) including outside United States and Europe. Initially, contact centers were not regarded as an industry (Jobs, Burris, & Butler, 2007) but rather a mere form of work activities of organizations related to telephone enquiries. The advancement of ICT has facilitated the growing demands for business processes reengineering on the legacy system of many firms to meet the expectations for better customer relationship managements (Winiacki, 2007). The further changes in customer demand (Bolton & Houlihan, 2010) and the need for customized services have made possible for commoditization and globalization of services such as contact centers which previously produced internally are now outsourced (Abraham, 2008). Previous finding on contact center relates its operations as involving low-margin value-added activities, due to perception on low wages and poor working condition (Hannif, Burgess, & Connell, 2008). This occupations was relatively unrecognized despite the ability to create employment opportunities as a result of most of the employment was considered as temporary in nature (Snow, 2005). Contact center operations requires specific competencies such as other established profession which include cognitive, psychomotor and affective domain for each individual employee (Glucksman, 2004). The value proposition of contact centers services have shifted from merely '*entertaining*' customers to the more value added roles of '*consulting*' and '*advising*' customers. The importance of call centers as a viable channel for customer services has been recognized by most firms and organizations including the government's agencies particularly in the developed and advanced economies (Taylor & Bain, 2007). Realizing the strategic importance of contact centers to organizations, its operations should reflect the paradigm of modern knowledge-based service which integrate the intensity in technology, human skills and efficient of processes (Hampson, Junor, & Barnes, 2009). Thus the key success factor for contact centers lies to the ability of managers in maximizing the trade-off between quality services and costs particularly human resources related costs in order to stay relevant in the industry (Aksin, Armony, & Mehrotra, 2008).

Job Embeddedness (JEMB)

The role Job embeddedness (JEMB) has been found to be the influence of employee intention to stay as indicated by earlier studies (eg; Mitchell, Holtom, Lee, & Sablynski, 2001; Cunningham, Sagas, & Ashley, 2001). The similar finding by Mitchell *et al.*, (2001) show that JEMB predicts the key outcomes of alternative job search and eventually voluntary turnover. Previous studies by (eg; Human Resources Management International Digest, 2010; Halbesleben & Wheeler, 2008) found that JEMB has influence the attitude of employee towards their intention to continue employment in the organization. In defining the JEMB, Mitchell *et al.*,(2001) highlighted that JEMB dimension include the extent to which employees have links to other people, activities and job. Other dimension is the individual fit with the other aspects in their life and the extent with which links can be disconnected as a result of the sacrifices or what they would have to give up if they left, especially if they had to physically move from job and place. In summary, JEMB has been considered as an aggregate dimension of employee life during their career period in any job and organization (Lev & Koskowsky, 2012).

Occupational Commitment (OC)

The three dimensional views of OC namely affective, normative and continuance has been introduced by Meyer & Allen (1991) in which affective commitment is one's emotional attachment to their occupation; normative commitment is a person's sense of obligation to remain in their occupation, while continuance commitment involves the individual's assessment of the costs associated with leaving one's occupation. OC is an extent of organizational commitment reflecting the psychological state that characterizes the employee's attachment to the occupation and has implications for the decision to continue in the occupation (Meyer, Allen, & Smith, 1993). The other study by Lee, Carswell, & Allen (2000) has defined occupational commitment as the psychological connection between an employees and their occupation.

Over the years the roles of OC has been continuously tested in the different organizational and occupational setting. For example, the role of occupational commitment was also found to be associated to employee intent to stay among the Korean organization (Chang, Chi, & Miao, 2007). Other study among registered nurse in the United States by Noguerras (2006) has also support the finding on the role of OC on employee intention to stay. OC has also found to be associated to work empowerment which influence career success and lead to decision on intention to stay in the current occupation (Vandenberghe & Panaccio, 2012). Examining these factors would enable human resources manager to accesses the psychological attachment of their employees towards devising plans for retention and talent management.

III. METHODOLOGY

The samples of study were 450 representing 30% of the total population of employees working in the 3 selected contacts center in the Klang Valley. A total of 169 respondents were participated in this study in which data was collected from the completed returned questionnaires. Thus success rate of the survey through questionnaires was 37.6 % of the samples. Data was analyzed using the spearman correlation test to identify the relationship between OC and JEMB on propensity to stay (PTS) among employees in the contact canter outsourcing provider firms.

IV. DATA ANALYSIS

The following Table 1, illustrated the summary of correlation tests of EMB, OC and propensity to stay (PTS).

Table 1: Result of Spearmen Correlation Test

		PTS	OC	JEMB
PTS	Sig (2-tailed)		.000	.000
	Correlation Coefficient	1.000	.743**	.672**
	N	169	169	169
OC	Sig (2-tailed)	.000		.000
	Correlation Coefficient	.743**	1.000	.823**
	N	169	169	169
JEMB	Sig (2-tailed)	.000	.000	
	Correlation Coefficient	.672**	.823	1.000
	N	169	169	169

** Correlation is significant at the 0.01 level (2 tailed)

The study found that the JEMB was significantly correlated to PTS ($r^2 = 0.452$ and $P\text{-value} \leq 0.05$). The OC has also significantly correlated to PTS ($r^2 = 0.529$ and $P\text{-value} \leq 0.05$). Finding has also shown that OCC and JEMB were strongly correlated to each other ($r^2 = 0.677$ and $P\text{-value} \leq 0.05$).

V. DISCUSSION

High attrition and retention issue among contact center employees has been the primary concern and challenges to be addressed by the relevant stakeholders including the government. The role of JEMB and OC in influencing the employee PTS found in this study was also consistent with other services sector in Malaysia as a result of significant psychological gap on occupation among new talents including personal motivation and occupational commitment for the job (Downe, Loke, Ho, & Taiwo, 2012). Psychological gap associated to employability towards their employment reflects the ability of the talents themselves in adapting to the need of the industry for knowledge and skills required (Chertkovskaya, 2012). Understanding JEMB and OC among human resources professional is crucial to provide support for new talents particular for the transitional phase into employment and early stage of employment (Cranmera, 2006). Previous study on the role of employer support for self-manage career among employees has positively correlated to employee occupational commitment in the organization (Vosa, Dewettincka, & Buyensab, 2009). It is therefore important for industry to take the lead in overcoming human capital challenges particularly with regards to high employee turnover. Concerted efforts by all stakeholders of the industry will pave the way for brighter future of the Malaysia CC industry.

V. CONCLUSION

The prevailing human resources issue particularly the insufficient talent pools and, high attrition would give adverse impact on costs for talent management to the industry. JEMB and OC have been demonstrated to have influence on PTS. Creating environment to improve JEMB and OC become important for CC industry in the effort to reduce high attrition. Future research on the factors influencing employee PTS in the CCO environment such as perceive ease of move and job characteristics could be further explored as to identify occupational related factors which can help improve the prevailing issues on high attritions.

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