

# STRUCTURAL EQUATION MODEL ON JOB SATISFACTION AMONG BUSINESS PROCESS OUTSOURCING EMPLOYEES IN REGION XI

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## Abstract:

The main purpose of this study was to identify and determine the best fit model of job satisfaction. Precisely, it recognized the interrelationship between exogenous variable: psychological empowerment, learning organization, perceived organizational politics, and job satisfaction among business process outsourcing employees in Region XI. Structural Equation Modeling and quantitative research design were applied in this study. The data were gathered from 400 BPO employees and a total of four survey questionnaires were used in gathering the data based on the variables of the study. Findings revealed that the level of psychological empowerment, learning organization, and perceived organizational politics was high, while job satisfaction was on very high level. The most parsimonious model (Model 4) conveyed a generalized new concept that job satisfaction of business process outsourcing employees as solely indicated by sense of work achievement was significantly influenced by psychological empowerment which was grounded primarily from meaning, and self-determination and further significantly strengthened by the exogenous variable perceived organizational politics which was defined by its domains: general political behavior, and pay and promotion policies. In conclusion, the final model depicted the direct causal relationships of psychological empowerment and perceived organizational politics and was found to be the best model on job satisfaction of business process outsourcing employees.

**Keywords:** Psychological Empowerment, Learning Organization, Perceived Organizational Politics, Job Satisfaction, Philippines

## 1. Introduction

In Business process outsourcing industry has consistently been portrayed of having a repetitive task, profane hours, low performance efficiency and perceived value that leads to an increase of turnover rate (Sengupta, 2011). More so, Aazami, Shamsuddin, Akmal, and Azami (2015) emphasized that a known job stressor in the workplace is job dissatisfaction since it has wide effects on the mental and physical health status of the employees. Moreover, Gunavathy and Ayswarya (2011) mentioned that employee's satisfaction is directly associated to a decrease in attrition level. Therefore, Liu (2016) emphasized that improving employee's process and skills, workplace culture, training and development as well as job satisfaction needs to be highly prioritized. While all of these issues are true, some BPO companies still take this matter for granted which makes it a must addressed phenomenon in the business sector.

Further, Gunavathy and Ayswarya (2011) emphasized that employees' contentedness is vital for any establishments and in maintaining an excellent service to their clientele. Likewise, in the organization and personal level the issue on job satisfaction is very much essential same goes to job performance. Employees should be able to control themselves during burnout and pressure while retaining a very high level of competency which will help balance the individual's emotional state and improve their work methods thereby improving the quality of their service (Psilopanagioti, Anagnostopoulos, Mourtou & Niakas, 2012).

Various studies on job satisfaction were related with different variables. First, Indradevi (2012) stated that psychological empowerment contributes in showing the skills, and capacity of the employees for the purpose of attaining the goals and by practicing responsibility and accountability that leads to an increase level of job satisfaction. Second, Marsick and Watkins (2003) mentioned that job satisfaction of the employees was very high for those organizations that have prioritized learning and development. Moreover, the practice of learning organization is seen as essential in binding employees and employer as

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one which leads to continuous learning that is highly adaptive to changes. Lastly, Hassan, Vina and Ithnin (2017) concluded in their study that employees are mostly dissatisfied if they perceived that there is a high level of politics in the organization as compared with those perceiving lower levels of organizational politics. The practice of organizational politics affects the interpersonal communication and relationship inside the organization which contributes to a low level of performance in terms of employee attitude, more specifically, commitment and job satisfaction (Bodla, Afza & Danish, 2015).

It is undeniable that BPO agents are dealing with all sorts of customers, some may be approachable, others may be too conservative making them difficult to deal with, and others seem to be too professional which may cause a decline in their satisfaction level and performance. Needless to say, employee turnover is a costly phenomenon and addressing job dissatisfaction can lessen it. Further, in this milieu, the researcher feels the need to study this matter and propose appropriate mechanism to address the problems. Lastly, the outcome of the study may consider as a benchmark data for future researchers in the business administration field and replicate this study in some other regions in the Philippines or in the international setting.

This study mainly focused on recognizing the best fit model that predicts the job satisfaction of business process outsourcing employees in Region XI. Specifically, this study dealt with the following sub-objectives. Specifically, it aimed to answer the following sub-questions: To assess level of psychological empowerment of business process outsourcing employees in terms of meaning, competence, self-determination, and impact; to find out the level of learning organization of business process outsourcing employees in terms of; supportive learning environment, concrete learning processes and practices, and leadership reinforcing learning; to evaluate the level of perceived organizational politics of business process outsourcing employees in terms of general political behavior, go along to get ahead, and pay and promotion policies; to ascertain the level of job satisfaction of business process outsourcing employees in terms of sense of work achievement, remuneration satisfaction, superior satisfaction, work support, colleague support, and promotion opportunity; To determine if there is a significant relationship between: psychological empowerment and job satisfaction, learning organization and job satisfaction, and perceived organizational politics and job satisfaction; Lastly, to discover the best fit model that predicts job satisfaction.

The outcome of this study is valuable to the following: employee and employer can benefit in this study, turnover rate of the company might lessen and it can improve the job performance of the employees in return, customers may feel delighted with the performance of the agents. The BPO Administration may use the findings, results and the best fit model generated from the study in making and initiating seminars/training/program which will promote higher level of job satisfaction among the BPO agents in this region. The results may further help the employee to identify specific characteristics which could influence job satisfaction. Additionally, the findings of the study may of great help to HR Supervisors in designing new programs by demonstrating the large impact of motivational programs on the job satisfaction of the employees, promotion, recognition and income, hence, increase performance of the company. Lastly, the outcome of the study may consider as benchmark data for future researchers to replicate this study in some other regions in the Philippine setting

### **2. Method**

Presented are the research steps and procedures that were taken by the researcher in this study. These include the Participants, Research Instruments, Design, and Procedure. Purposive sampling was used wherein 400 BPO agents participated as respondents.

The primary tool used in the data gathering process was the survey questionnaire adapted from Liu (2016); Spreitzer (1993, 1995a & b); Garvin, Edmondson and Gino (2008); and Kackmar and Ferris (1991). To acquire data efficiently that the level of psychological empowerment, learning organization, perceived organizational politics, and job satisfaction of BPO agents was measured, the researchers contextualized the

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questionnaire that fit to the BPO employees. In addition, after validation of the experts, the reliability of the questionnaires was tested through pilot testing using Cronbach Alpha (Gliem,2003).

This study utilized quantitative non-experimental design research method. In the generation of the best fit model, structural equation model (SEM) was used. According to Szapkiw (2012), descriptive-correlational studies provided understanding of what is in a specific situation with an identified population and examines the extent to which two or more variables relate to one another. Secondly, the structural equation model (SEM) was employed. As noted by Lomax and Li (2013), this method combines factor analysis with path analysis to test theoretical relations among latent variables.

The following steps were followed in gathering the data: A letter was sent to the BPO administrators duly noted by the Dean of Professional Schools, asking permission to conduct a survey among BPO employees in Davao Region. The preliminary draft of conducted questionnaire was forwarded to the research adviser for possible correction and comments; afterwards, the said questionnaire was forwarded to the panel of experts for reliability and validation. Upon approval, the researcher handed the survey questionnaire to the Human Resource personnel, since they insisted to be the one to distribute it to their employees to avoid work interference. Afterwards, the researcher was contacted by the HR personnel to retrieve the survey tool one hundred (100%) percent from them. The survey was conducted this year 2019. A certificate of appearance signed by the BPO-HR personnel was secured to vouch that the researcher honestly conducted the data gathering from the participants of the study. The data gathered by the researcher was tallied, tabulated, analyzed and interpreted based on the purpose of the study.

The statistical tool utilized in the research were mean, pearson-r and Structural Equation Model. In this study mean was used to measure the level of the exogenous and endogenous variables, the pearson-r was used to ascertain if correlation exists between the exogenous variables towards endogenous variable, and SEM was employed to explore the best fit model. Factor analysis was carried out in testing the latent variables.

### **3. Results**

Shown in Table 1 is the level of psychological empowerment among BPO employees in Region XI. The overall mean is 4.19 which has a standard deviation of .554, described as high. This means that the psychological empowerment among BPO employees is oftentimes practiced. Among the four indicators of psychological empowerment, meaning and competence got the highest mean score of 4.30 and a standard deviation of .657 and .602 respectively, described as very high. Next, self-determination got a mean result of 4.11 and a standard deviation of .689, described as high. Lastly, impact obtained the lowest mean of 4.06 and a standard deviation of .757, yet still described as high.

**TABLE 1.** Psychological empowerment

<b>Items</b>	<b>SD</b>	<b>Mean</b>	<b>Descriptive Level</b>
Meaning	0.657	4.30	Very High
Competence	0.602	4.30	Very High
Self-Discrimination	0.689	4.11	High
Impact	0.757	4.06	High
<b>Overall</b>	<b>0.554</b>	<b>4.19</b>	<b>High</b>

Presented in Table 2 is the level of learning organization among BPO employees in region XI. The overall mean garnered 4.04 score which has a standard deviation of .586, described as high. This means that the learning organization among BPO employees is much evident. Among the three indicators of learning

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environment, leadership reinforcing learning acquired the highest mean result of 4.11 and a standard deviation of .653, described as high. Second, supportive learning environment got a mean result of 4.04 and a standard deviation of .604, described as high. Finally, the lowest mean is the concrete learning processes and practices indicator which obtained a mean of 3.97 and a standard deviation of .640, described also as high.

**TABLE 2.** Learning Organization

Items	SD	Mean	Descriptive Level
Supportive Learning Environment	0.604	4.04	High
Concentrate Learning Process and Practices	0.640	3.97	High
Leadership Reinforcing Learning	0.653	4.11	High
<b>Overall</b>	<b>0.586</b>	<b>4.04</b>	<b>High</b>

The level of perceived organizational politics among BPO employees in Region XI along with its indicators is presented in Table 3. The overall mean score of POP is 4.12 and has a standard deviation of .607, described as high. This means that the perceived organizational politics among BPO employees is oftentimes manifested. The indicator general political behavior acquired the highest mean result of 4.26 and a standard deviation of .720, described as very high. Followed by, go along to get ahead with a mean result of 4.06 and a standard deviation of .640, described as high. Ultimately, pay and promotion policies have the lowest mean score of 4.04 and a standard deviation of .733, but still described as high.

**TABLE 3.** Perceived Organizational Politics

Items	SD	Mean	Descriptive Level
General Political Behavior	0.720	4.26	Very High
Go Along to Get Ahead	0.640	4.06	High
Pay and Promotion Policies	0.733	4.04	High
<b>Overall</b>	<b>0.607</b>	<b>4.12</b>	<b>High</b>

Revealed in Table 4 is the level of job satisfaction among BPO employees in region XI. The overall mean score is 4.20 which has a standard deviation of .588 described as very high. The result means that job satisfaction among BPO employees in Region XI is always manifested. Among the six indicators, colleague support garnered the highest mean score of 4.41 with a standard deviation of .670, described as very high. Next, superior satisfaction indicator has 4.28 mean result and a standard deviation of .687, also described as very high. Followed by, sense of work achievement indicator that garnered a mean score of 4.21 with standard deviation of .638, described as very high as well. The rest of the indicators have a high level starting with work support with a mean score of 4.16 and a standard deviation of .706. Followed by, promotion opportunity which got a mean of 4.08 and a standard deviation of .750. Lastly, remuneration satisfaction got the lowest mean of 4.05 and a standard deviation of .779.

**TABLE 4.** Job Satisfaction

Items	SD	Mean	Descriptive Level
Sense of Work Achievement	0.638	4.21	Very High
Remuneration	0.779	4.05	High

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Satisfaction				
Superior Satisfaction	0.687	4.28	Very High	
Work Support	0.706	4.16	High	
Colleague Support	0.670	4.41	Very High	
Promotion Opportunity	0.750	4.08	High	
<b>Overall</b>	<b>0.588</b>	<b>4.20</b>	<b>Very High</b>	

Reflected in Table 5 is the significance on the relationship between psychological empowerment and job satisfaction with an overall computed p-value of .000 which is lesser than the .05 level of significance, hence the two variables are correlated. The r-value of .653 signifies a positive relationship between psychological empowerment and job satisfaction. The null hypothesis is therefore rejected in favor with the alternative hypothesis stating that there is a significant relationship between psychological empowerment and job satisfaction. With this, findings exemplify that for every increase of psychological empowerment there is an increase in the job satisfaction of BPO employees in Region XI.

**TABLE 5.** Correlation between Psychological Empowerment and Job Satisfaction

Psychological Empowerment	Job Satisfaction						Overall
	Sense of Work Achievement	Remuneration Satisfaction	Work Support	Superior Satisfaction	Colleague Support	Promotion Opportunity	
<b>Meaning</b>	0.602* (0.000)	0.526* (0.000)	0.491* (0.000)	0.519* (0.000)	0.369* (0.000)	0.463* (0.000)	0.593* (0.000)
<b>Competence</b>	0.478* (0.000)	0.277* (0.000)	0.369* (0.000)	0.392* (0.000)	0.361* (0.000)	0.298* (0.000)	0.430* (0.000)
<b>Self-Discrimination</b>	0.487* (0.000)	0.432* (0.000)	0.373* (0.000)	0.460* (0.000)	0.363* (0.000)	0.385* (0.000)	0.499* (0.000)
<b>Impact</b>	0.518* (0.000)	0.547* (0.000)	0.519* (0.000)	0.453* (0.000)	0.448* (0.000)	0.502* (0.000)	0.598* (0.000)
<b>Overall</b>	0.638* (0.000)	0.553* (0.000)	0.540* (0.000)	0.559* (0.000)	0.474* (0.000)	0.510* (0.000)	0.653* (0.000)

Depicted in Table 6 is the result on the significance of the relationship between learning organization and job satisfaction. The result got a p-value of .000 which is lesser than the .05 level of significance hence, the two variables are correlated. The r-value of .851 signifies that there is a strong positive correlation between learning organization and job satisfaction. The null hypothesis is therefore rejected in favor with the alternative hypothesis stating that there is a significant relationship between learning organization and job satisfaction. Thus, findings show that for every increase of learning organization there is an increase in the job satisfaction of BPO employees in Region XI.

**TABLE 6.** Correlation between Learning Organization and Job Satisfaction

Learning Organization	Job Satisfaction						Overall
	Sense of Work Achievement	Remuneration Satisfaction	Work Support	Superior Satisfaction	Colleague Support	Promotion Opportunity	
<b>Supportive Learning Environment</b>	0.644* (0.000)	0.694* (0.000)	0.615* (0.000)	0.632* (0.000)	0.501* (0.000)	0.647* (0.000)	0.749* (0.000)
<b>Concentrate Learning Process and Practices</b>	0.657* (0.000)	0.707* (0.000)	0.660* (0.000)	0.647* (0.000)	0.569* (0.000)	0.746* (0.000)	0.799* (0.000)

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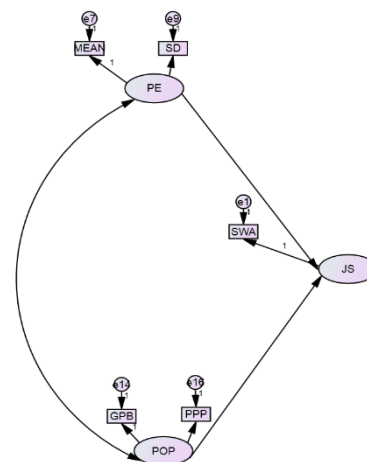
<b>Leadership Reinforcing Learning</b>	0.718* (0.000)	0.735* (0.000)	0.725* (0.000)	0.658* (0.000)	0.609* (0.000)	0.628* (0.000)	0.814* (0.000)
<b>Overall</b>	0.728* (0.000)	0.769* (0.000)	0.721* (0.000)	0.697* (0.000)	0.606* (0.000)	0.727* (0.000)	0.851* (0.000)

Portrayed in Table 7 is the result on the significance of the relationship between perceived organizational politics and job satisfaction. The result got a p-value of .000 which is lesser than the .05 level of significance hence, the two variables are correlated. The r-value of .891 signifies that there is a strong positive correlation between the two variables. Thus, null hypothesis is therefore rejected in favor with the alternative hypothesis stating that there is a significant relationship between perceived organizational politics and job satisfaction. Thus, findings show that for every increase of perceived organizational politics, there is an increase in the job satisfaction of BPO employees in Region XI.

**TABLE 7.** Correlation between Perceived Organizational Politics and Job Satisfaction

Perceived Organizational Politics	Job Satisfaction						Overall
	Sense of Work Achievement	Remuneration Satisfaction	Work Support	Superior Satisfaction	Colleague Support	Promotion Opportunity	
<b>General Political Behavior</b>	0.656* (0.000)	0.497* (0.000)	0.635* (0.000)	0.664* (0.000)	0.568* (0.000)	0.549* (0.000)	0.710* (0.000)
<b>Go Along to Get Ahead</b>	0.722* (0.000)	0.767* (0.000)	0.678* (0.000)	0.711* (0.000)	0.565* (0.000)	0.701* (0.000)	0.831* (0.000)
<b>Pay and Promotion Policies</b>	0.639* (0.000)	0.777* (0.000)	0.658* (0.000)	0.653* (0.000)	0.503* (0.000)	0.689* (0.000)	0.788* (0.000)
<b>Overall</b>	0.771* (0.000)	0.780* (0.000)	0.755* (0.000)	0.776* (0.000)	0.626* (0.000)	0.741* (0.000)	0.891* (0.000)

Portrayed in Figure 1 is the most parsimonious model, the Model 4 which conveyed a generalized new concept that job satisfaction of business process outsourcing employees as solely indicated by sense of work achievement was significantly influenced by psychological empowerment which was grounded primarily from meaning, and self-determination and further significantly strengthened by the exogenous variable perceived organizational politics which was defined by its domains: general political behavior, and pay and promotion policies. In conclusion, the final model depicted the direct causal relationships of psychological empowerment and perceived organizational politics and was found to be the best model on job satisfaction of business process outsourcing employees.





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Fig 1. Structural Equation Model in Standardized Solution

## 4. CONCLUSION AND DISCUSSIONS

The level of BPO employee's psychological empowerment is high. The high level of work culture is attributed from the following indicators: meaning, competence, self-determination, and impact in which the first two indicators acquired the highest mean score. The result means that the psychological empowerment among BPO employees is oftentimes practiced. The result above is in line with the proposition of Talib (2015) who mentioned that individuals who found their job meaningful are likely to be motivated to continue putting more effort into their current job. Thus, employees who find meaning in their work tend to engage in a high level of sustained work effort. Also this confirms Wat and Shaffer (2005) study that the self-determination dimension relates to altruism or helping behavior. In a cross-sectional study among mid-level employees in manufacturing industry. Also, self-determination theory (SDT) holds that individuals have a psychological need for self-determination.

Second, the level of BPO employee's learning organization is high. The high level of learning organization was attributed to all indicators: supportive learning environment, concrete learning process and practices, and leadership reinforcing learning which obtained the highest mean. The result signifies that the learning organization among BPO employees in Region XI is much evident. The result is in congruent with the proposition of Garvin, Edmondson and Gino (2008) stating that an organizational leader has a big influence to the employees. Smooth and open communication were employees are encouraged to participate on a dialogue and questioning can be a tool in promoting a two way learning process. Identification of problems, transferring of knowledge, and reflecting to post-audits can be evident if leaders reinforce learning. If employees felt that they are being valued, participating to organizational activities, willingness to give extra effort, and offering new ideas and solutions to the problems will comes out naturally.

Third, the level of BPO employee's perceived organizational politics is high. The high level of perceived organizational politics was attributed from the result of the following indicators: Go along to get ahead, pay and promotion policies, and general political behavior, which obtained the highest mean. The result means that the perceived organizational politics among BPO employees in Region XI is oftentimes manifested. This validated the proposition of Bozeman, Hochwarier, Perrewe, and Brymer (2001) who emphasized that middle management have great influence in asking subordinates with their wants using their power and authority, rewards and punishment giving, and information control. On the other hand, rank and file employees have low influence and autonomy while working in the company, they are very vulnerable to be threaten especially that not all of them have a security of tenure (Ferris, Harrel-Cook & Dulebohn, 2000).

Fourth, the level of BPO employee's job satisfaction is very high. The very high level of job satisfaction was acquired from the result of the following indicators: Remuneration satisfaction, promotion opportunity, work support, sense of work achievement, superior satisfaction, and colleague support which obtained the highest mean. The result means that the job satisfaction among BPO employees in Region XI is always manifested. The result validated the claim of Liu (2016) who emphasized that working together as a team is an essential factor in maintaining individual and group productivity, top management support has also a big role in maintaining this by supporting them of whatever they need and by giving interventions that help in maintaining the close ties of each organizational member these includes: team building, capacity building, and other related seminars and training programs.

For the correlation, there is a significant positive relationship between psychological empowerment and job satisfaction as it is evident that the p-value is less than the level of significance and the r-value shows a positive result. The result is line with the psychological empowerment theory of Zimmerman (1995) stating that the individual's psychological process mediates the effect of structural conditions in the workplace and individual's characteristics on desirable outcomes in the workplace which includes satisfaction at work.

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Further, it has been found to affect employees' levels of job satisfaction (Aryee & Chen, 2006; Barroso Castro, Villegas Perinan & Casillas Bueno, 2008; Zhou, Wang, Chen & Shi, 2012).

Also, there is a significant positive relationship between learning organization and job satisfaction as it is evident that the p-value is less than the level of significance and the r-value shows a positive result. The result is line with the learning organization theory of Senge (1991) stating that people continually expand their capacity inside the organization to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together thereby contributing to job satisfaction. Also, Marsick and Watkins (2003) also emphasized that employees are enabled to regularly acquire new and suitable skills and knowledge to participate in work groups, and finally, to decisively contribute to the realization of organizational vision.

Likewise, there is a significant positive relationship between perceived organizational politics and job satisfaction as it is evident that the p-value is less than the level of significance and the r-value shows a positive result. The result validated the Strategic Choice Theory of Child (1997) which describes that leaders or leading groups play in influencing an organization through making choices in a dynamic political process. Further, Omisore and Nweke (2014) emphasized that those who are successful in organizational politics tend to be viewed positively perhaps because they are successful competitors in other respects as well. However, few researchers have studied the role of personality traits of the employees, researchers highlighted that employee personality has a strong or weak effect in the perception of politics in the organization and job satisfaction in the workplace (Miller, Rutherford & Kolodinsky 2008; Vigoda, 2000).

For the best fit model on job satisfaction, hypothesized model 4 satisfied the criteria for the best fit model, the model apparently showed the importance that two out of four factors of psychological empowerment and two out of three factors of perceived organizational politics have strong interconnectedness with each other. Psychological empowerment shows a direct association with perceived organizational politics and job satisfaction, and results further show that perceived organizational politics portrayed a direct association of psychological empowerment and job satisfaction. The best fit model showed that of the three tested variables, learning organization was eliminated. Though in the appended level of learning organization resulted to a high level, it did not guarantee its influence to job satisfaction as the model was generated. Parallel to this, the outcome of this study is in connection with McClelland's (1961) Learned Needs Theory which stated that learned needs are drivers of actions that could lead to satisfying the needs of the employees. The three motivators are: achievement, affiliation, and power in which psychological empowerment is an intrinsic factor that can be classified under the need for achievement. Also, perceived organizational politics can be categorized under the need for power which emphasized that a high need for power tended to run more productive departments in a sales organization than did managers with a high need for affiliation (Pardee, 1990).

Based on the results of the study, in order to sustain the very high level of job satisfaction among BPO employees the researcher proposed the following recommendations:

First, focus on elevating the level of psychological empowerment particularly in meaning and self-determination domain as it is seen to influence the endogenous variable based on the best fit model. This can be done by retooling employees by establishing a partnership with them to create career-enhancement profiles that close the gap between current skills of the employees and skills needed in the next two to three years. This process will motivate and encourage employees to take an active role in retooling themselves for the company's future needs: Next, is for the Human Resource Department to create a Supervisor development program wherein part of it is to conduct seminars/trainings that can help identify the various skills and techniques needed especially on how to handle or supervise their subordinates.



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Second, is on creating a program that can elevate the level of perceived organizational politics particularly in general political behavior, and pay and promotion policies. To do these, the BPO Administration may conduct an Annual inter-departmental competition in order to promote unity and camaraderie in every department as well as to the administration and employee as a whole. This may help in promoting a positive organizational politics behavior wherein BPO administration can easily integrate everybody in the company encouraging a two-way communication process. Furthermore, pay and promotion policy revisit that can be initiated by the Human Resource Management Department. Since, pay and promotion are the primary motivators in the workplace, employees are particular in how fair and just the policies are, and since needs and wants are continuously changing and accelerating, company may also have to consider a regular revisit for this matter.

The best fit model showing psychological empowerment, and perceived organizational politics as the strong predictors of job satisfaction implies that BPO employees are psychologically empowered if they find meaning to job they do and if they are given significant job autonomy, freedom and independence in performing their work task.

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