

EMPLOYEE RETENTION STRATEGIES: A COMPARATIVE STUDY OF SRI LANKA OFFSHORE INDUSTRY

H.A.R.N. Silva

(109078)

Master of Business Administration in Information Technology

Department of Computer Science & Engineering

University of Moratuwa
Sri Lanka

July 2014

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Dissertation submitted in partial fulfilment of the requirements for the degree
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Declaration

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Dr. H. M. N. Dilum Bandara

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.....

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Abstract

Sri Lanka is one of the countries that have gained confidence by reinventing its economy around Business Process Outsourcing (BPO) and Information Technology (IT) industry. Outsourcing will reduce overheads enabling the outsourcers to focus on their core business. Therefore, by outsourcing, companies gain competitive advantage over competition. Software development, remote management of IT networks, backend IT operational support, transaction processing, call centers, insurance claims processing, medical transcriptions, desktop publishing, and financial research are some of the outsourced work that is performed by offshore companies. Most of the school leavers and young workforce are employed in offshore companies in Sri Lanka. Staff retention and motivation are among the main challenges faced by offshore companies. High staff turnover will cost companies, by having to spend time and money for training and recruitment of new staff. Also, sustaining their performance levels is another challenge in routine working conditions. Therefore, it is imperative to understand the job satisfaction and performance of staff in outsourcing companies, and their impact on staff retention and motivation.

This research study focuses on the job satisfaction and performance of outsource staff in Sri Lanka. The study is carried out based on a survey of outsource staff in BOP and IT industry. Also, organizational information is obtained by the recruitment managers of outsource suppliers or their nominees by formal and informal interviews. Supervisors, immediate supervisors, and staff of the client organizations are also interviewed. Hackman and Oldham's Job Characteristic model was used to create the research hypothesis. This model is useful in motivating employees for high performance levels by improving their psychological states by enhancing meaningfulness of work, responsibility for outcomes, and knowledge of results. Based on both the survey and interviews it was found that staff performing outsourced tasks has different values and expectations. It is important to identify the job outcomes and motivators of the staff members, to motivate them to perform at higher levels. Majority of staff come from lower income groups and their expectations of employment is different. The main conclusions of the research are that teamwork is the most important job outcome among staff that desire income from employment. We believe that findings of the research will help offshore companies to overcome the challenges they face in current context.

Key words: BPO, Offshore, Outsourcing, Performance Management, Sri Lanka

Acknowledgements

First, my sincere thank goes to my supervisors Dr. Dilum Bandara and Ms. Vishaka Nanayakkara, Department of Computer Science and Engineering, University of Moratuwa, for their efforts in supervising and guiding me.

My sincere gratitude goes to Dr. Malaka J. Walpola, Course Coordinator, Department of Computer Science and Engineering, University of Moratuwa for giving advice to carry out the research successfully.

My special thanks go to Dr. Chandana Gamage, Head of the Department of Computer Science and Engineering, University of Moratuwa, for his invaluable advice, time and guidance given.

Also my thanks go to Mr. Mario Fonseka, Mr. Janaka Kumarasinghe and Prof. Lanka Udawatta who support and guide on this project.

I further offer my deepest gratitude to all academic and non-academic staff of Department of Computer Science & Engineering, senior scholars and library staff of the University of Moratuwa for their support in numerous ways.

I take this opportunity to thank each and every individual professional, who participated and contributed their views and responses by spending time for interviews and questionnaire, which lead to comprehend my research results. If not for their valuable contributions, this research would not have been a success.

Last, but definitely not the least, my heartfelt thanks go to my wife who always encouraged and helped me to complete the research. Many thanks are also extended to my parents and all family members for their help, support and encouragement that have given to me over the years for the completion of the MBA

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Chapter 1

Introduction

1.1 Context of the Study

‘Outsourcing’ became part of the business terminology during the early 1980s and refers to the handing over of non-core operations from internal production to an external party focusing in the managing of that operation. The key beneficiaries of outsourcing are the human resource suppliers or service providers. No wonder therefore that during the last few decades, there has been an explosion of “BPOs (Business process Outsourcing)”.

Today we find international, blue chip companies even local business establishments, coming off their excess weight and outsourcing part of their production from various parts of the world. We find software companies in India processing data and coding text for banks in the west. Thousands of call center businesses have been created in India. Software and service exports have earned about Rs.40 billion (\$19.9billion) in the year up to March 2008. Thus the demand for outsourcing remains strong.

Globalization and liberalization that invaded the world during the last few decades have created a new form of employment like outsourcing, subcontracting and casualization. It is accepted without argument that the need to be competitive in the open market has resulted in new forms of employment like outsourcing, casualization and in subcontracting activities.

Opening up the economy following liberalization, Sri Lanka became a very attractive investment destination for investors. Since then the agricultural and manufacturing sectors achieved some form of growth, but the fastest growth was in the service sector. The low productive government, corporations were privatized and measures were taken to manage and motivate staff. Private sector jobs became more attractive to the public.

Sri Lanka is a country which has achieved 90% adult literacy level. This is amongst the highest in Asia. However the education system in the country facilitates only about 17% of those who pass the General Certificate of Education (G.C.E) advanced level examination to enter government universities for higher education. In 2004/2005 out of 87% eligible students only 13% were selected from universities, according to University Grants Commission reports. Selection is done according to a district quota system, and the Western Province receives the highest z-score, therefore only a few students get the opportunity to enter universities even

though their performance levels are high. It is depressing to see these brilliant, hardworking students who fail to gain access to universities choose other alternative or temporary measures to fulfill their employment objectives.

Most of these students have average communication skills and IT skills. What they anticipate is largely to continue with their higher studies or to start a career with prospects for growth. Some others want to be financially stable or to go overseas and continue in higher education. Most often this group falls between the ages of 18 to 25 years. This young, energetic labor resource attracts employers such as outsourcing companies. Outsourcing jobs became popular among young groups as a temporary income generator, while pursuing on higher studies. Because in their perception of a job, the elements they look for are: job security, guaranteed promotions, satisfying work, decent income and safe work environment.

Outsourcing of industry takes place where employees of another company are hired to carry out specific functions in a company. Outsourcing is not an illegal machine, and is certainly recognized by law.

Europe, the USA and other countries tend to outsource their IT and Call center functions to Asian countries such as Sri Lanka, India and China. There are several reasons for doing so, mainly the availability of skilled labor at relatively low cost and the existence of infrastructure facilities.

Under the new contractual contract the outsourcer gains the means of production which may include people, processes, technology, assets and intellectual property. The structure of the client business changes as the client approves to acquire the services of the outsourcer for the term of the contractual contract. In its most advanced form, outsourcing makes it possible to build a large, exclusively virtual company with only a single employee, the business person.

On the surface, this concept looks logical, because it is practiced worldwide and seemed to be heading an upward direction. Outsourcing market has matured rapidly over the last couple of years and we encounter many companies that see outsourcing as a cost-saving exercise. Some companies often lay blame at the outsourcing provider's door, saying the savings weren't big enough (if they existed at all), and that the outsourcing company was inflexible, that it didn't respond to the company's needs and so forth.

In the olden days, an organisation could identify specific tasks which could be outsourced and shared with other companies, thereby gaining a degree of cost saving. For example, PC

breakdown-outsourcing was successful because companies realized it was not a cost-effective idea to have trained engineers idle around waiting for a personal computer or a server to break, and that as these devices became more resilient, paying a professional to sit around and do crosswords didn't make sense at all. By outsourcing the function, the outsourcing company is able to share these skills around, ensuring the engineer had a higher degree of utilization. Each client (particular company) would pay for, say, 20 per cent of the engineer's time and the outsource supplier would share the engineer between five or six companies, therefore everyone is virtually happy.

The challenges of outsourcing become especially acute when the work is being done in a different country (off shored), since that involves language, cultural and time zone differences.

When choosing to outsource a function as critical as human resources, we realize that trust is an important factor. It is necessary to learn organisational objectives and establish a plan that will meet those objectives and to design an exit strategy, so that should you choose to bring your HR function back into your organisation, it will be as seamless as possible. It's about letting those who really understand an area do the donkey work and enabling an organisation to concentrate on business strategy.

If we look at task outsourcing, a company that is task oriented will have internal resources that spend all day just doing repetitive tasks. Outsourcing, therefore, has no gains in utilization, a fixed resource is still required. Thus, the only possible way that savings can be made is if the resource costs less, even with all the overheads of the outsourcing company and the contract management as well. The fact many companies didn't see this as an issue speaks volumes. In many cases, for those businesses which raced to India to get a skilled resource that was available at 40 per cent of the UK cost, history has begun to repeat itself.

In the 1990s, the Celtic Tiger of the Irish economy was driven by the availability of cheap, highly skilled labor. However, as more companies dived into the market, these cheap, highly skilled people were rapidly soaked up. This left two groups; expensive, highly skilled labor (which rapidly replaced the cheap, highly skilled resource by paying reasonable salaries) and cheaper, less skilled labor. Those companies that have been successful in Ireland are those which decided that making the most of a good base of skilled labor at a competitive market

rate was better than seeing brand and quality fall through the use of poor quality but cheap resources.

The same has happened in the Netherlands; and also in the Philippines; it is now happening in India and will undoubtedly happen in Sri Lanka. As the first rounds of skilled workers are hired, pay rates will automatically rise and the cream of the skills crop will move around in the global market to gain the top salaries. In China, 350 million people are being taught conversational English. We shouldn't see this as being 350 million people who will suddenly be part of a cheap labor force that will be either available for use in an off shoring manner, nor as a massive overwhelming threat to how we do business in the West.

Again, we are seeing high wage growth in the Sri Lankan labor market and a growth in the perceived needs of the more skilled inhabitants, who now want a lifestyle comparable to similarly skilled people they come across in the West. This will soon drive costs up, not in the same parity as in the West but to a point where the overheads of outsourcing will make it less appealing.

Statement of the problem

“Sustaining high performance levels among staff performing outsourced tasks and retain them”

The main beneficiaries of outsourcing are the service providers. They are pursuing a lucrative business depriving employees some basic rights. By subtle ways manpower suppliers underpay and deprive employees of certain basic privileges and benefits. While various reasons are given by manufacturers and business enterprises for outsourcing their business functions, the primary considerations are the cost factor and the desire to continue uninterrupted business operations without being affected by industrial conditions.

Today, many organizations try to adapt the outsourcing model as a new tool to achieve some form of cost benefits in extremely turbulent environments. But reliable sources show that staff performing outsourced tasks does not maintain high levels of performance; turnover levels are also very high amongst these staff compared to non-outsourced staff in both BPO and IT sectors. There can be various reasons, for example job satisfaction is not there.

A comparative study of the offshore industry and the factors that influencing their performance will provide some understanding of their job outcomes and motivating factors. According to a reliable source in a private foreign bank in Sri Lanka amongst the staff performing outsourced tasks 45% fail to meet the requirements, 30% meet the requirements, 20% meet and exceed requirements and 5% clearly exceeds the requirements. Therefore a clear understanding of job outcomes and motivating factors will help the management to better understand their staff and maintain high performance levels among staff performing outsourced tasks in offshore organisations.

The desired situation is for all staff performing outsourced tasks to maintain high performance levels and low turnover levels. But the actual situation is that a majority performs on average or lower levels. Therefore a clear gap exists in performance, due to low motivation of staff to perform at higher levels. Also, there is a clear language barrier among the staff performing outsourced tasks. Besides their turnover levels are very high compared to average employee turnover. For example, at R R Donally the staff turnover levels are as high as 30% annually at the lower levels of the company structure. The approximate cost of replacing an employee is around 50,000 Sri Lankan rupees.

“Desired job outcomes can vary according to different values and expectations in individuals” (England, 1986: p. 183). These independent variables act as motivational factors. Higher the realization of these variables, higher will be the job satisfaction and motivation levels of staff performing outsourced tasks. In order to sustain the motivation levels, monitoring and feedback from the client organisation are necessary. Training and design of work are also important. The research problem is the low job satisfaction that creates low levels of motivation and performance in employees performing outsourced tasks. Therefore the research questions are designed to find out the effects of important job outcomes on performance levels and retain them.

Objectives

The objectives of this study are to analysis the job outcomes of staff performing outsource tasks at offshore companies in Sri lanka and under what circumstances, staff performing outsourced tasks can be motivated to sustain high performance levels, to find out whether performance gaps exist between employees performing outsourced tasks and how the desired job outcomes vary between employees performing outsourced jobs and employees performing regular jobs.

Secondly, it is intended to identify what are the factors influencing their performance to motivating them where find out their desired job outcomes and their capacity to perform at a higher level. Also, it addresses the needs and goals of the employee, in order to capture a certain identity in the working group. To find out what these people really expect from work (outcome) whether it is a security (long term contracts), career development or whether they are looking at temporary measures to earn some quick money.

This study will lead to discovering the factors motivate employees doing their job and if those factors satisfied and it will become the reason for retaining the within the their organization which also includes the differences in HR practices e.g. Providing a study leave, educational loans and permanent job placements of their choice and professional counseling, training involvement, outbound training, social gatherings and activities and employment conditions.

Justification

- Maintaining
 - Right-sized staff with the right skills and
 - Competencies in balance
- Create and manage an adaptable workforce

A large number of people, who work for organisations, are no longer traditional employees of those organisations. There are no push pull factors operating in outsourcing functions. An organisation needs to maintain the right-sized staff with the right skills and competencies in balance. The goal is to create and manage an adaptable workforce, capable of adjusting quickly to changing business needs. This will raise issues such as internal multi-Skilling (internal

resource sharing), external mobility (“owning vs. renting”), and alignment of skills and competencies to business imperatives.

It is also worthwhile to look at the gender compositions and turnover levels of male/female staff performing outsourced functions, the cost to replace an employee of that category, the implications it has on the business, and how far it affects the client organisation.

Outsourced jobs involve working late hours and night shifts as well. According to Sri Lankan culture this is an important factor: parents do not want their children to continue these types of jobs. They would want their children to join other private sector organisations for lesser salary, but with job security and safe environments. This can be a major contributing factor for the high turnover of labor in offshore jobs.

One might suggest that it is more appropriate to outsource for strategic reasons and thereby save a little money in the short term. In a knowledge economy, developing talent is a business’s most important task. The productivity of the people an outsourcing company provides to a client organisation depends on several factors. Apart from how and where these people are placed, the main point is who manages and motivates them (Drucker: 2002). The outsourcing company does not have control over these areas. Therefore, it is considered very important to sustain performance levels among staff performing outsourced tasks and retain them.

Significance

Outsourcing is a rapidly growing concept in any medium to large scale organisation. The significance of this research is very useful to the industry as a whole and it enhances the knowledge of human resource management. Allowing the client organisation to build motivation and sustain performance levels among staff by identifying any mismatches between what they expect and what they get. Also, it will help change the practices in the industry to ensure the benefits of cost effectiveness and competitive edge in the market.

Organisation of the dissertation

This dissertation consists of five chapters. Chapter 1 is the introduction to the dissertation. It will explain the background of outsourcing, research problem (Problem statement evidence), justification of the study, objectives and significance.

Chapter 2 is the literature review. Chapter 3 is research design and will comprise of introduction, research question, conceptualization, operationalization of variables, hypotheses, sample, sources of primary data and secondary data and conclusions.

Chapter 4 covers data analysis, findings, demographic data presentation and includes results of hypothesis testing and conclusion.

Chapter 5 contains the conclusions of the research and will comment on recommendations and limitations to the study.

Chapter 2

Review of Literature

In this Chapter, literature related to research topic is analyzed, evaluating, and summarizing scholarly materials in order to get a better idea on research topic.

Introduction

The decision to outsource is often made in the interest of lowering costs, redirecting or conserving energy directed at the competencies of a particular business, or to make more efficient use of labor, capital, technology and resources, management of volatility in costs through financial engineering, asset conversion, and avoidance of capital investment.

Mostly the aim is to make the organisation more competitive by staying focused on its core competencies. The idea is to transfer the management of the day-to-day execution of one or more non-core business functions to be performed by a third party service provider, who is insourcing those processes.

Generally, human resource functions such as personnel recruitment; selection and payroll are considered as non-core operations and are very often outsourced. Organisations tend to forget the fact that it is the people who create the competitive advantage in most industries, and that outsourcing above human resource functions can therefore affect the organisations adversely.

People are human resources; In fact, employees can become the company's sustainable competitive advantage if they are considered as talent rather than as labor. It is certainly not a new concept, but it is yet a reality. It is believed that the synergies created from informed and involved team building can have an exponential impact on the bottom line of your company's success.

Since staff performing outsourced tasks do not directly report to the client organisation's superiors, it is difficult to build loyalty and commitment towards the client organisation. Outsourcing can affect adversely on brand image, for example: when a customer complains about poor service by a call centre staffer who is an outsourced employee, he will not refer that person as an outsourced staff member. From the customers' point of view, it is another staff member of the same organisation. This shows why motivating and managing of staff performing outsourced tasks is important to the image of the client organisation.

In today's context, there is a great trend for Business Process Outsourcing (BPO) companies who do the back office functions and other IT related services. Most of the US and European companies have a vast expansion of outsourcing their non core business function to Asian countries like India, Sri Lanka, China, Philippines where there will be more less labor cost. But compare the other countries; Sri Lanka has the advantage where less competitive pressure to select as an Outsource designation (Milne 2007).

The BPO industry is facing one major challenge; where there is a high attrition rate (Maneetpuri 2010). In fact the average attrition rate is about 35 - 40 % in the outsource industry (Sharma

2010). Since there is high attrition, most of the BPO companies spend and waste money on recruiting and training activities (Kangaraarachchi 2010).

This study mainly focuses on job satisfaction to retain staff and performance of the outsource workforce in Sri Lanka BPO industry. This analysis to find out, what are their job outcomes and motivating factors, it is intended to retain outsource workforce.

Why Employees Leave?

During exit interviews following factors were identified in Indian BPO industry (Sharma 2010):

- Poor growth opportunity/promotion
- Better salary
- For higher education
- Lack of training and guidance by employer
- Policies and procedures
- No private life
- Physical tensions
- Poor relationship with peers or managers

In the Sri Lankan context, most of the IT related employees leave the country due to attractive salary packages that offer by US, Europe and Gulf countries (Verma 2009). And some employees were interested in a better work environment and health and safety factors (Daily News 2004).

In fact, employee performance is also an important factor that will have a great effect contribution to attrition. If the outsourcer will is not performing well, it impacts the business. Therefore, it is important that both the parties align their performance. And there will be a great amount of accountability (Information Week 2003).

Following are some of the key human resource factors that will affect employee performance

- Incentive pay
- Recruiting and selection

- Teamwork
- Employment Security
- Flexible job assignment
- Skills training
- Communication
- Labor relations

(Ichniowski, Shaw, and & Prennushi 1997 87:294)

Most of the employees work and prove their performance for getting more increments. A recent research found that company performance management system, 85 per cent had performance-related pay and 76 per cent rated performance (Armstrong & Baron 2004).

Another important factor that contributes for good performance is communication. Outsourcing will mostly need to two way communication with teams and their understanding. Relationship with the team and team members will lead to better communication (Parker and Russell 2005).

Finding from studies indicates that (Huselid 1995, cited in Armstrong 2006) “Productivity is influenced by employee motivation; financial performance is influenced by employee skills, motivation and organizational structure”.

Initially, it was the cleaning staff and security staff that were outsourced by most companies. But currently, outsourcing takes many forms. Organisations still hire service providers to handle different business processes, such as those that benefit the management. But some organisations outsource their total operations. The most common forms are information technology outsourcing (ITO) and business process outsourcing (BPO). Business process outsourcing includes call center, finance and accounting, human resource, medical, legal, data capturing, marketing surveys, architecture and project outsourcing. These outsourcing deals involve multi-year contracts. Occasionally, after a few years of outsource operations the staff performing such outsourced functions is hired internally by the client firm, and thereby become permanent employees.

Dominant outsourcing service providers in the information technology outsourcing and business process outsourcing fields include IBM and HP. In Sri Lanka S S P Corporate services, DMS and Ceylinco are some of the main service providers for banks and other organisations.

In project outsourcing, when projects are completed and if there aren't any new ones coming their way, organisations are compelled to retrench staff in a big way. This is very common in IT sector. It is a real problem when young employees have to sharply end their careers. Finding another job may be difficult, because his/her experience is not considered very much the same as of another similarly aged person working on permanent staff.

The old model of going to a supplier of resources on a labor pricing basis is not sustainable in the long term. Salary rate rises have been consistently occurring in the past few years. The fact is, in the future, most of the outsourcing companies will no longer want to be seen simply as a cost-effective mode of doing non-core operations, but as companies who will give skilled labor for a nominal wage, as opposed to cheap medium-skilled labor at very low cost. This means the cost argument is being placed on the back-burner as far as possible. We can therefore expect new outsourcing companies to appear as time goes on. But wage inflation is happening much more quickly.

As long as people outsource for the right reasons, i.e. Skills are not available internally to carry out certain tasks and/or that certain tasks are better carried out by companies that specialize in them, then it may not matter where the task is carried out. The cost will remain a secondary consideration.

Outsourcing is different from subcontracting because the function is provided on an ongoing basis, rather than for a specific ad hoc project or for a season. It can be provided on or off premises, in the same country or in a separate country (Offshore outsourcing). Office Tiger, Virtusa, WNS and Amba research are major offshore IT service providers.

Outsourcing success depends on three factors: executive-level support in the client organisation for the outsourcing mission; effective communication to relevant employees; and the client's ability to manage its service providers. Outsourcing professionals in charge of work on both the client and provider sides need a combination of skills in such areas as negotiation, communication, project management, the ability to understand the terms and conditions of the

contracts and service level agreements and above all, the willingness to be flexible as businesses change.

The benefits of outsourcing may be more than monetary; an Accenture survey says the strategic role of outsourcing is more than cost savings. I.e.; It minimizes capital expenditure, eliminates investment in fixed infrastructure, offloads non-core functions, redirects energy and personnel into the core business, frees your executive team from day-to-day process problems, focuses scarce resources on mission-critical projects, gets access to specialized skills, reduces need for internal commitment of specialists, saves on manpower and training costs, controls operating costs, improves efficiencies through economies of scale, improves speed and service, levels out cyclical or seasonal fluctuations, eliminates peak staffing problems, enhances tactical and strategic advantages, technology infusion, focuses on strategic thinking, process reengineering and managing trading partner relationships benefit from the provider's expertise in solving problems for a variety of clients with similar requirements, obtains needed project management and implementation consulting expertise, acquires access to best practices and proven methodologies, spreads your risks, avoids the cost of chasing technology, leverages the provider's extensive investments in technology, methodologies and people, reduces the risk of technological obsolescence, increases efficiency by consolidating and centralizing functions, keeps pace and minimizes the impact of rapid changes in technology without changing your infrastructure, reduces the overall management burden while retaining control of strategic decision making, skills upgrade, mitigation of risks by reliance on an expert, ability to reward workers with career opportunities in a specialty company and project enhancement.

According to an Accenture survey of more than 800 executives in the United States and Europe, cost savings are still a key outsourcing benefit. Accenture said in releasing the survey, with 25% of respondents reporting first-day improvements in business processes. "We found those levels of control, increasing throughout the transition to outsourcing and stabilization periods," said John Rollins (2003), Accenture's products operating group partner. "Over half had recorded perceptible improvements in the first six months of outsourcing".

While IT services continue to be the leading outsourced function, more companies are turning to outside sources for supply-chain operations, learning and training, human resources, accounting and financial services, as well as customer relationship management. 43% of the executives surveyed have IT outsourcing arrangements in place. Supply-chain management

was seen as the most rapidly rising area for outsourcing, with 36% of the respondents undertaking it, followed by 31% initiating outside learning and training functions.

The trend is long-lasting, with more than 80% of the survey respondents expressing commitment to permanent outsourcing of at least one key business function. Only 14% viewed outsourcing as a temporary solution for key function operations. The broader view of outsourcing benefits should be matched by broader, more flexible and more constantly monitored arrangements with outsourcers, rather than the traditional service-level agreements.

There are some disadvantages in outsourcing. One of these is that outsourcing often eliminates direct communication between a company and its clients. It prevents a company from building solid relationships with their customers, and often led to dissatisfaction on one or both sides. There is also the danger of not being able to control some aspects of the company, as outsourcing may lead to delayed communications and project implementation. Sensitive information can be vulnerable, and a company may become very dependent upon its outsource providers, which could lead to problems impinging on its brand image. The great danger is that staff performing outsourced tasks may not be motivated enough to perform at higher operational levels, or for that matter even at an average level.

This study mainly focuses on job satisfaction and performance of outsource staff and staff performing non-outsourced functions in a similar context. Through a comparison of job outcomes and motivating factors, it is intended to find out how far they vary among the two groups.

Theories and Definitions of Motivation

At one time, employees were considered as just another factor in the production of goods and services. What perhaps changed this way of thinking about employees was research, referred to as the Hawthorne studies, conducted by Elton Mayo from 1924 to 1932 (Dickson:1973). This study found that employees are not motivated solely by money and employee behavior is linked to their attitudes (Dickson:1973). The Hawthorne Studies began the human relations approach to management, whereby the needs and motivation of employees became the primary focus of managers (Bedeian:1993).

Understanding what motivates employees and how they are motivated was the focus of many research following the publication of the Hawthorne Study results (Terpstra:1979). Five major approaches that have led to our understanding of motivation are Maslow's need-hierarchy theory, Herzberg's two-factor theory, Vroom's expectancy theory, Adams' equity theory, and Skinner's reinforcement theory.

According to Maslow, employees have five levels of needs, physiological, safety, social, ego, and self-actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level need would motivate employees (Maslow:1943). Herzberg's work categorized motivation into two factors: motivators and hygiene's (Herzberg, Mausner, & Snyderman:1959). Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. Hygiene or extrinsic factors such as pay and job security, produce job dissatisfaction.

Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards (Vroom:1964). Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated.

Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to another employee outcomes over inputs (Adams:1965).

The skinner's theory simply states those employees' behaviors that lead to positive outcomes will be repeated and behaviors that lead to negative outcomes will not be repeated (1953). Managers should positively reinforce employee behaviors that lead to positive outcomes. Managers should negatively reinforce employee behaviors that lead to negative outcomes.

XY theory (Mcgregor:1960) is mainly focused on management and motivation from the manager's and organisation's perspective.

Theory Z (Ouchi:1981) is often referred to as the 'Japanese' management style. Theory Z essentially advocates a combination of all that's best about theory Y and modern Japanese management. This places a large amount of freedom and trust with workers and assumes that workers have a strong loyalty and interest in team-working and the organisation. Theory Z also places more reliance on the attitude and responsibilities of the workers.

Many contemporary authors have also defined the concept of motivation. Motivation has been defined as: the psychological process that gives behavior purpose and direction (Kreitner: 1995); a predisposition to behave in a purposive manner to achieve specific, unmet needs (Buford, Bedeian, & Lindner: 1995); an internal drive to satisfy an unsatisfied need (Higgins: 1994); and the will to achieve (Bedeian:1993). Motivation is operationally defined as the inner force that drives individuals to accomplish personal and organisational goals. Goal theory support extrinsic reward system as a motivating factor.

Motivated employees are needed for survival. Motivated employees are needed in our rapidly changing workplaces. Motivated employees help organisations survive. Motivated employees are more productive (Smith:1994).

To be effective, managers need to understand what motivates employees within the context of the roles they perform. Of all the functions a manager performs, motivating employees is arguably the most complex. This is due, in part, to the fact that what motivates employee changes constantly (Bowen & Radhakrishna:1991). For example, research suggests that as employee's income increases, money becomes less of a motivator.

The lowest paid would appear to have the most need for better wages and therefore value them most (Annexure 1, table 1). Also, young employees value good wages, job security, promotion and growth. As employees get older, interesting work becomes more of a motivator. (Kovach:1987).

Kovach (1987) also reported on rankings made by employee's immediate supervisors (Annexure 1, table 2) and by comparing between the rankings made by employees for themselves, demonstrated that supervisors often have inaccurate perceptions about what motivated their subordinates. Similar mismatch in management perceptions and employee reporting are found in Guskinos (1970).

Employees have different values, expectations and they belong to different cultures. Hence, managers can easily make mistakes in identifying the needs of their own workforce. Robert England (1986) showed that employees in different cultures have different work goals (Annexure 1, table 3). It requires a great deal of management skills in planning jobs and human relations.

Theorists have traditionally described motivation in terms of approach and avoidance tendencies. In contrast, goal orientation research has focused primarily on two approaches. Demonstrating ability (performance-approach) and developing ability (task).

Researchers are becoming increasingly aware of the importance of work expectations in the employment relationship. Research has demonstrated a direct relationship between the extent to which employee work expectations are met, and its effect on employee turnover, job satisfaction, and job commitment (Buckley, Veres, Fedor, Wiese, and Carraher: 1998; Turnley and Feldman: 1998; Wanous, Poland, Premack, and Davis:1992). Many of these studies have focused on the “psychological contract”, which can be defined as “a set of beliefs about what each party is entitled to receive and obligated to give, in exchange for another party’s contribution” in the work setting (Morrison and Robinson: 1997). In other words, the psychological contract is what one expects in return for what one provides at work.

It should be emphasized that staff performing outsourced tasks has a contract with the outsourcing company where they are considered ‘employees’ although they work for the client organisation. In fact, the most remarkable feature of the psychological contract is that participants feel that a promise was made to meet their expectations, even when they had never discussed their expectations. In examining the psychological contract, it becomes apparent that being silent about one’s expectations is the rule, not the exception. People do not want to discuss their work expectations, because people generally aren’t taught to consciously identify and communicate their expectations. Most people become aware of their specific or important expectations only after they are disappointed. The need to discuss one’s expectations of work is a relatively new phenomenon.

Until recently, the psychological contract may not have been discussed, but it was understood. Specifically, in the traditional workplace, a psychological contract represented an unspoken expectation that, in exchange for loyalty and hard work, an employee would be compensated fairly and would have a job for life. This is no longer the case. In today’s workplace, change and uncertainty are considered normal, and what constitutes the psychological contract is markedly different. Staff performing outsourced tasks work in the client’s organisational premises. They constantly mix with the permanent employees of that organisation and are influenced by them. Outcomes springing from these interactions might affect expectations.

Empirical research captured information from a multinational EU leader in the financial services sector during the early stage of outsourcing IT services, relating to changes and effects on working relationships. The results identified the importance of addressing strategic performance issues and inter/intra relationships between parent company team members and their outsource counterparts. Conclusions indicate that behavioral issues such as psychological contracts within inter/intra work groups, power and trust are highly significant managerial performance issues when perceiving the success or failure of an outsourcing strategy.

Employees are still expected to work hard and employers continue to hope for loyalty; however, employees are no longer offered a job for life in return for loyalty and hard work. The workplace psychological contract of ten years ago is clearly outdated and its updated version remains ambiguous.

If employees don't offer a job for life, what they are offering and what they want remains a question. It is essential that today's employees are able to identify and manage their work expectations. Unspoken and unmet expectations can have a potent, negative impact on work performance. Even if the expectations were never openly discussed, a failure to have the expectations satisfied can feel like a violation or betrayal to employees (Morrison and Robinson:1997). Once this violation occurs, the situation can be difficult to rectify. Employees begin to exhibit signs of distrust and emotional detachment from the employer, accompanied by a decline in productivity. Taken further, those unmet expectations can lead to an increase in job turnover (Turner and Feldman:1998).

In contrast, when employees are encouraged to openly discuss their expectations and make frequent updates to their unspoken psychological contract, working relationships become more effective. In fact, research shows that the key to managing expectations

Is in them being spoken. Even if an employee's expectation is not met, having the opportunity to learn why can decrease or eliminate the negative consequences for both the employee and the organisation (Turnley and Feldman, 1998). The process of helping employees become aware of and communicate their expectations is clearly linked to sustaining high performance, reduced turnover and increased productivity and job satisfaction.

A work expectations profile helps individuals to identify, understand, and manage their work expectations (Inscape Publishing). Analyses of the beta research data set were designed to

identify the best items to comprise the eleven scales, and then assess the reliability and validity of the scales. The scales are: structure, diversity, recognition, autonomy, environment, expression, teamwork, stability, balance, career growth, and compensation.

Structure: Having high expectations about structure means that you want clear instructions regarding what to do, how to do it, and what resources are available to you.

Diversity: Having high expectations about diversity means that you want to work with people from a variety of backgrounds and/or with varied points of view.

Recognition: Having high expectations about recognition means that you want a work environment where good work is acknowledged and rewarded.

Autonomy: Having high expectations about autonomy means that you want to have the independence or freedom to make decisions about how you will do your job.

Environment: Having high expectations about the environment means that you see a connection between the social and physical work environment and your well-being.

Expression: Having high expectations about expression means that you want a work environment that allows you to share your opinions and feelings openly.

Teamwork: Having high expectations about teamwork means that you expect collaboration to be a highly valued and commonly used method for reaching work objectives.

Stability: Having high expectations about stability means that you want job security and a work environment that remains relatively unchanged.

Balance: Having high expectations about balance means that you have personal and professional goals and that you want others to understand the importance of all of your commitments.

Career Growth: Having high expectations about career growth means that you want to make progress toward your professional goals.

Compensation: Having high expectations about compensation means that you expect a fair return for what you provide at work.

Hackman and Oldham's Job characteristic model (1974) is useful to motivate staff for high performance levels by improving psychological states as the meaningfulness of work, responsibility for outcomes and knowledge of results. Core dimensions are skill variety, task identity, task significance, autonomy and feedback. Moderating variables for the Job Characteristics Model are growth (job is a vehicle for personal growth, a sense of achievement, the avenue for feeling success), knowledge and skills

Sustaining high performance levels are matched expected outcomes of the job. How the job is structured and meaningfulness of work are more important issues to think about. When paying sometimes fails to motivate employees, according to Maslow's need hierarchy, sustaining high performance levels can be a real problem. Autonomy cannot be given to low level employees such as staff performing outsourced functions. Also Hackman and Oldham do not talk about sustaining motivation levels. Therefore, the above variables may not be directly involved in the outsourcing model.

The job diagnostic survey (JDS) is an instrument designed to measure the following classes of variables: Objective job characteristics, particularly the degree to which jobs are designed so that they enhance work motivation and job satisfaction; personal affective reactions of individuals to their jobs and work setting; the readiness of individuals to respond positively to "enrich" jobs and jobs with high potential for generating internal work motivation.

Based on a specific theory of how jobs affect employee motivation, the JDS is intended to: diagnose existing jobs to determine if (and how) redesigning could improve employee productivity and satisfaction. It will evaluate the effect of job changes on employees and whether the changes derive from deliberate job enrichment projects or from naturally occurring modifications of technology or work systems.

The JDS has gone through three cycles of revision and pre-testing. Reliability and validity data are summarized for 658 employees in 62 different jobs in seven organizations who have responded to the revised instrument (Hackman and Oldham:1974).

The theoretical discipline proved, that primarily employees are individuals with varying goals and needs, and as such should not be thought of as basic business resources, such as buildings and current assets. The philosophy behind HR management has a conciliatory role and concerns about the labor cost to keep the profits up. Employee counseling should manage their needs, expectations and high potential. The field takes a positive view of workers, assuming that virtually all wish to contribute to the enterprise productively, and that the main obstacles to their endeavors are failures of processes to motivate them to achieve productivity.

Human resource management (HRM) is the strategic and coherent approach to the management of an organisation's most valued assets; the people working there who individually and collectively contribute to the achievement of the objectives of the business. The terms "human resource management" and "talent management" have largely replaced the term "personnel management" as a description of the processes involved in managing people in organisations. Human resource management has evolved rapidly since the concept of a democratic society came into effect. HRM is seen in a democratic society as a more innovative view of workplace management than in the traditional approach in a feudalistic system where labor was exploited. Human resource management is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a workforce in a more participative labor society.

As such, HRM techniques, when properly practiced are expressive of the goals and operating practices of the enterprise overall. The basic premise of the academic theory of HRM is that humans are not machines; therefore, we need to have an interdisciplinary examination of people in the workplace. Fields such as psychology, industrial engineering, industrial relations, sociology, critical theories, postmodernism and post-structuralism play a major role in HRM.

However, many HR functions these days struggle to get beyond the roles of administration and employee champion, and are seen rather more reactive than strategically proactive partners in the top management. In addition, HR organisations also have the difficulty in proving how their activities and processes add value to the company. It is only in the recent years that HR scholars and HR professionals are focusing to develop models that can measure if HR adds value.

Postmodernism plays an important part in academic theory and particularly in critical theory. Indeed Karen Legge in 'Human Resource Management: Rhetorics and Realities' poses the debate of whether HRM is a modernist project or a postmodern discourse (Legge:2004). In many ways, critically or not, many writers contend that HRM itself is a movement away from the modernist traditions of personnel (man as machine) towards a postmodernist view of HRM

(man as individual). Critiques include the notion that because 'Human' is the subject we should recognise that people are complex and that it is only through various discourses that we understand the world.

Critical Theory also questions whether HRM is the pursuit of "attitudinal shaping" (Wilkinson:1998). Particularly when considering empowerment, or perhaps more precisely pseudo-empowerment as the critical perspective notes.

Human resource management comprises several processes. These processes can be performed in an HR department, but some tasks can also be outsourced or performed by line-managers or other departments.

- Workforce planning
- Recruitment (sometimes separated into attraction and selection)
- Induction and Orientation
- Skills management
- Training and development
- Personnel administration
- Compensation in wage or salary
- Time management
- Travel management (sometimes assigned to accounting rather than HRM)
- Payroll (sometimes assigned to accounting rather than HRM)
- Employee benefits administration
- Personnel cost planning
- Performance appraisal

The goal of human resource management is to help an organisation to meet strategic goals by attracting and maintaining productive employees and managing them effectively.

HR policies should be guidelines for action, in recruiting and retaining the best employees for your business. Actions should be driven by strategy. Derrane et al (1984) emphasized the necessity for a tight fit between HR strategy and business strategy. This stems from the concept that HR policies are inextricably linked to the formulation and implementation of strategic objectives.

Becoming a nimble and flexible organisation means defining core skills and competencies, and making sure that hiring practices are geared strictly to those needs. If the trend is toward more and more outsourcing, HR must make sure vendor management skills are deployed internally.

HR policy choices such as which labor market to utilize from, HR allocation and flow, reward systems and work systems are important in HR outcomes i.e.; Commitment, competence and cost effectiveness. Long term consequences in HR such as individual wellbeing, organisational effectiveness and societal wellbeing will depend on meaningful allocation, utilization, training and development of human resource.

Given the average cost-per-hire and time-per-hire in today's fiercely competitive job market, smart employers must ensure that they take a long-term perspective on their hiring activities. Many organisations are employing standard psychometric testing or have affiliated psychologists conduct assessments of potential employees to measure stability, cultural fit, leadership ability, willingness to embrace change and potential loyalty to the organisation. Today's employers are looking not at just how the employees will fare in their immediate position, but how they will succeed 3 to 5 years down the line in their line manager's position and positions beyond that.

Companies can develop in-house training departments, ally themselves with special training houses and universities, send employees to relevant external training programs identified by themselves in conjunction with their supervisors, offer internal rotational programs and overseas assignments as a key career development opportunity and commit to their employees learning and development in a multitude of other creative and meaningful ways. Employees who feel the company has invested in them in this manner are far more likely to uphold the company's best interests and keep an eye to furthering the company's goals.

Research also shows that employee turnover is often the result of poor supervision. Therefore, it is important to supervise employees so that the needs of both the business and its employees are always met. Leadership tools help you to effectively lead yourself, other individuals, groups and organisations.

Leadership sustains high performance in manufacturing and it can be true for outsourced tasks as well. Research done on 75 manufacturers, predominantly European, sheds light on the balance between product/process and people leadership capabilities needed to sustain high levels of performance. Getting and sustaining high levels of performance is above all a leadership responsibility that requires: developing a compelling vision and building a powerful site leadership team, developing a dashboard of key performance indicators to focus improvement and drive implementation and systematically growing the managerial pool of talent (especially people skills).

An explanation of the effects of leader behavior on subordinate's satisfaction, motivation, and performance is derived from a path-goal theory of motivation.

Dimensions of leader behavior such as leader initiating structure, consideration, authoritarianism, hierarchical influence, and closeness of supervision are analysed in terms of path-goal variables such as valence and instrumentality. The theory specifies some of the situational moderators on which the effects of specific leader behaviors are contingent. A set of general propositions is advanced which integrate and explain earlier fragmentary research findings. The usefulness of the theory is demonstrated by showing how several seemingly unrelated prior research findings could have been deduced from its general propositions and by applying it to reconcile what appear to be contradictory findings from prior studies. Results of two empirical studies are reported that provide support for seven of eight hypotheses derived directly from the general propositions of the theory.

Ultimately, behavior and working processes are two sides of the same coin. If an organisation wants its people to be more creative and productive, give them the tools and resources to simplify their day-to-day working practices. If a company needs improvements in productivity, challenge employees to pool, develop and implement the ideas that are there waiting to be harvested. Since outsourced tasks require very little creativity, supervision and monitoring are important to recognize and appreciate their work.

In order to achieve high levels of growth, profit, and competitive advantage, businesses have been implementing a variety of management initiatives, such as performance management, reengineering, service management, self-directed work teams, total quality management (TQM) and empowerment. Too often, these initiatives, when implemented individually fail, or provide only short-term results. It is possible that no single initiative can provide an overall, long-term solution. A more comprehensive, integrated approach is necessary to sustain high performance levels.

No one knows exactly when reviewing performance came into effect. According to Koontz (1971), the emperors of the Wei dynasty (AD 221-265) in China had an 'Imperial Rater' whose task was to evaluate the performance of the official family.

Frederick Taylor and his followers introduced the first formal monitoring system before World War One. In the 1920s rating for officers in the armed forces was introduced in the US. In 1960

this came into effect as performance appraisals. Management by objectives, then came into effect in 1970. 'Performance management' became a recognized process only in the 1980s.

Performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of the organisation, a department, processes to build a product or service, employees.

Performance management helps organisations achieve their strategic goals. The main purpose of performance management is to link individual objectives and organisational objectives. Additionally, performance management tries to develop the skills of people to achieve their capability to satisfy their ambitiousness and also increase profits of a firm. Performance management helps to analyse the performance gaps and find root causes. There are three kinds of factors that can influence people's performance:

- Environmental

- Motivational

- Knowledge/Skills factors

Non training strategies will be a prescription for environmental and motivational factors. Employees may be able to achieve the performance levels expected of them if the working conditions are better such as adequate tools, information and resources. The task is easier by involving employees when identifying reasons for performance gaps. If there is a lack of knowledge /skills training will solve that problem.

Conclusion

Outsourcing is mainly a cost saving strategy. Organisations tend to outsource its non-core operations to service providers. But they tend to forget that its human resource they outsource, the organisations most valuable asset. In the process, the organisation will face issues such as performance gaps in staff performing outsourced tasks and non-outsourced tasks.

According to the literature review Income, satisfying work, growth prospects, job security and team work were taken as some of the important job outcomes of employees. An important motivating factors were identified as task variety, responsibility, autonomy, higher income and good work team performance levels depend on different levels of job satisfaction achieved

through the realization of job outcomes and motivating factors. Employees belong to different cultures, and they have different values and expectations.

Some empirical research on motivation and performance may not be directly relevant to staff performing outsourced tasks. An organisation's main focus is on the preservation and health of the organisation, but there also are explicitly stated values about the organisation's context (the community and customers) and about the well-being of individual organisation members: As Ishikawa (1985) said, "An organisation whose members are not happy and cannot be happy does not deserve to exist."

The empirical results consistently support the following conclusion: such as problem-solving teams, enhanced communication with workers, employment security, flexibility in job assignments, training workers for multiple jobs, and greater reliance on incentive pay. Increasingly, firms are considering the adoption of these new work practices. It produces substantially higher levels of productivity than do more 'traditional' approaches involving narrow job definitions, strict work rules and hourly pay. In contrast, adopting individual work practice innovations in isolation has no effect on productivity. This evidence supports for recent theoretical models which stress the importance of complementarities among a firm's work practice.

Employee motivation and retain them is an enormous challenge that faced by BPO companies. Companies also must sustain their performance with their innovations to take competitive advantage has become a must.

Strategies like cost leadership and innovative differentiation will lead to competitive advantage over competitors. (Gilley and Rasheed 2000). And following are some strategies that help to retain employees

- Changing view of employees from lifestyle to career;
- Dependable;
- Communication;
- Transparency in expectations;
- Give employees an alternative of rewards;
- Accumulation value (Raman 2006).

Chapter 3

Research Design

In the third chapter, the methodology used to conduct the research is discussed in details. Type and nature of the study, theoretical framework, hypothesis development, and research instrument development is discussed. Chapter three also discusses about population, sampling technique and methods of data collection in detail.

Introduction

This research is done using a questionnaire based survey, which carried structured, semi-structured and open ended questions. Also organisational information is obtained by the recruitment managers of outsource suppliers or their nominees by formal and informal interviews. Staff is also given questionnaires. Supervisors, staff and immediate supervisors of the client organisation are also interviewed.

The selected staff performing outsourced tasks in offshore does some repetitive work such as data, analyzing, attending to customer queries over telephone, data entering and application processing.

Conceptualization

The literature survey highlighted the following job outcomes as most valued among employees, but we do not know whether it's the same for staff performing outsourced tasks. The conceptual framework of the study was designed to find out the below facts.

Job Characteristics Theory

Job characteristics theory (Hackman and Oldham, 1974, 1980) illustrates the relationship between job characteristics and individual responses to work. The theory can be used to diagnose the employee work environment. Specifies the task condition in which individuals are guessing to properly in their work. Hackman and Oldham's Job Characteristic model is

useful to motivate employees for high performance levels by improving psychological states as the meaningfulness of work, responsibility for outcomes and knowledge of results. Core dimensions are skill variety, task identity and task significance, autonomy and feedback. Moderating variables for the Job Characteristics Model are growing (job is a vehicle for personal growth, a sense of achievement, a venue for feeling success), knowledge and skills and "Context satisfaction.

Skill variety: the degree to which a job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of the person.

Task identity: the degree to which a job requires completion of a whole and identifiable piece of work; that is, doing a job from beginning to end with visible outcome.

Task significance: The degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organisation or in the world at large.

Autonomy: the degree to which the job provides substantial freedom, independence and discretion to the individual in scheduling the work and in determining the procedure to be used in carrying it out.

Job feedback: the degree of which carrying out the work activities required by the job; provides the individual with direct and clear information about the effectiveness of his or her performance.

In Hackmen and Oldham theory three psychological states has define. To experience the work as meaningful is to feel that the work individual does is generally worthwhile, valuable or important by some system of values he or she accepts. The individual experience personal responsibility means that he or she feels personally accountable for the results of the work he/she does. And finally, the person who has knowledge of the results of one's work knows and understands how effectively he/she is performing the job. According to the theory, all three of the psychological states must be experienced by an individual if desirable outcomes are to emerge.

In this theory, three psychological states affect several outcome variables such as motivation and satisfaction. The most important outcome variable is internal motivation which exists when good performance is an occasion for self-reward and poor performance prompts unhappy feelings. Other predicated outcomes are High general job satisfaction, High quality work performance and low absenteeism and turnover

It is possible to combine the five characteristics into a single index that reflects the overall motivating potential of a job. In the model specific job characteristics, that is skill variety, task identity and task significance, affects the individual's experience meaningfulness of work; autonomy influence experienced responsibility for outcomes; and feedback from job leads to knowledge of the actual results of the work activities. This leads to the formula of motivating potential score (MPS) as follows;

$$MPS = \frac{(\text{skill variety} + \text{task identity} + \text{task significance})}{3} \times \text{autonomy} \times \text{feedback}$$

Operationalization of variables

INDEPENDENT VARIABLES

Core Job Characteristics

- Skill variety
- Task identity
- Task significance
- Autonomy
- Feedback

Critical Psychological States

- Experienced meaningfulness of the

DEPENDENT VARIABLES

Outcomes

- High internal work motivation
- High general job satisfaction
- Pay satisfaction
- Training satisfaction

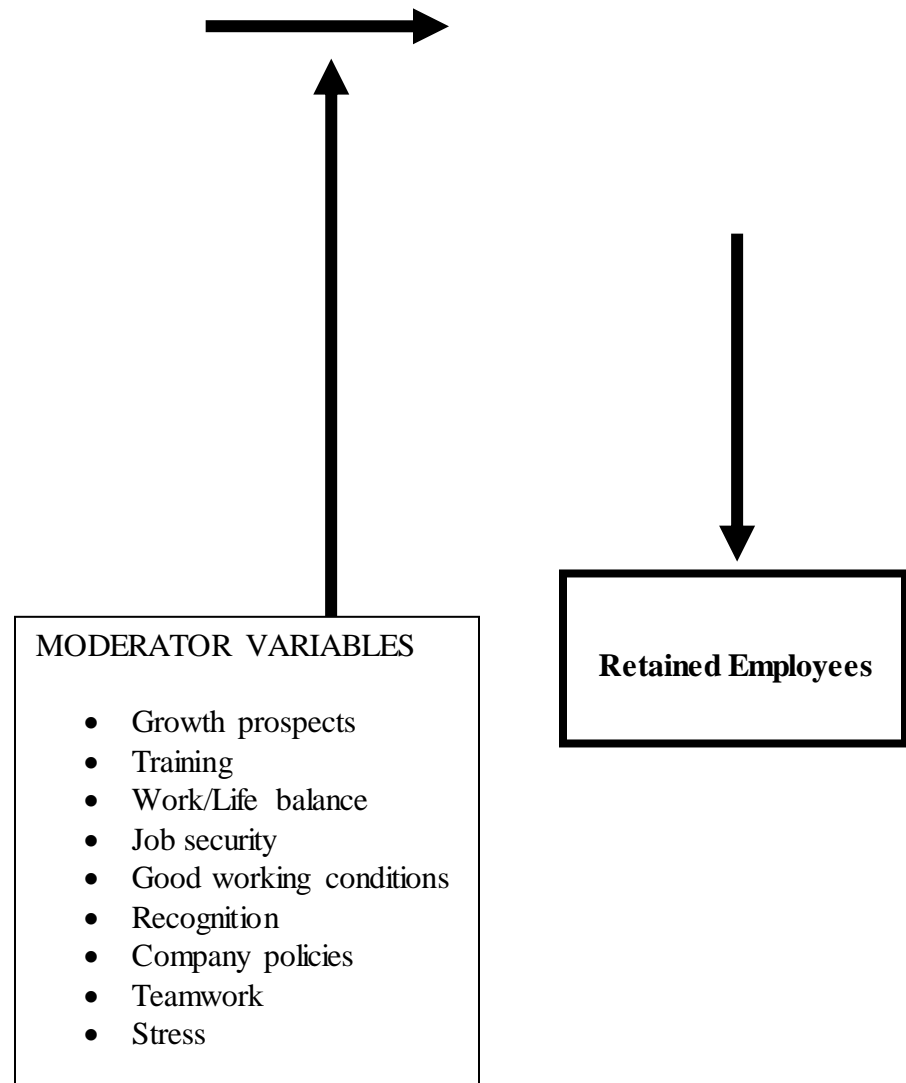


Figure 3.1 - Operationalization of variables

Independent variables :

1. Core Job Characteristics

1.1 Parameter: **Skill Variety**

- Degree to which a job requires a variety of challenging skills and abilities.
- Doing different things; using different valued skills, abilities, and talents.

1.2 Parameter: **Task identity**

- Doing a complete job from beginning to end, the whole job rather than bits and pieces.
- The degree to which a job requires completion of a whole and identifiable piece of work.

1.3 Parameter: **Task significance**

- The degree of meaningful impact the job has on others; the importance of the job.
- The degree to which the job has a perceivable impact on the lives of others, either within the organization or the world at large.

1.4 Parameter: **Autonomy**

- Freedom to do the work as one sees fit; discretion in scheduling, decision-making, and means for accomplishing a job.
- The degree to which the job gives the worker freedom and independence in scheduling work and determining how the work will be carried out.

1.5 Parameter: **Feedback**

- Clear and direct information about job outcomes or performance.
- The degree to which the worker gets information about the effectiveness of his or her efforts, either directly from the work itself or from others.

2. Critical Psychological States

2.1 Parameter: **Experienced meaningfulness of the work**

- The degree to which the individual experiences the job as one which is generally meaningful, valuable, and worthwhile;

2.2 Parameter: **Experienced responsibility for outcomes of the work**

- The degree to which the individual feels personally accountable and responsible for the results of the work he does

2.3 Parameter: **Knowledge of the actual results of the work activities**

- The degree to which the individual knows and understands, on a continuous basis, how effectively he or she is performing the job.

Dependent variable:

3. Outcomes

3.1 Parameter: High internal work motivation

- The degree to which the employee is self-motivated to perform effectively on the job

3.2 Parameter: High general job satisfaction

- An overall measure of the degree to which the employee is satisfied and happy in his or her work.

3.3 Parameter: Pay satisfaction

- An overall measure of the degree to which the employee is satisfied and happy in his or her salary.

3.4 Parameter: Training satisfaction

- The degree to which the employee is satisfied and happy with training provide for preform his or her work

Moderator Variables

4. Moderators

4.1 Parameter: Growth Prospects

- The level of agreement on future opportunities for growth and development

4.2 Parameter: Work/Life

- The level of balance between work and personal life

4.3 Parameter: Job Security

- The level of assurance that their job is secure.

4.4 Parameter: Good Working Conditions

- The level of facilities, equipment and adequate personal workspace

4.5 Parameter: Recognition

- The level of appreciation and rewards for a job well done

4.6 Parameter: Company Policies

- The degree of fairness and clarity of policies that has applied in the workplace

4.7 Parameter: **Teamwork**

- The level of collaboration between employees to perform the task

4.8 Parameter: **Stress**

- The level of pressure on the task delivery that's assigned to employees

When the above independent variables are realized it is likely to increase job satisfaction of employees. Job satisfaction and employee performance levels have a direct and positive relationship (Annexure 1 Questionnaire)

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Hypotheses

Hypotheses are derived from the conceptual framework

Hypothesis 1: Relationship between Skill Variety and High internal work motivation

Null Hypothesis

H₀: Skill Variety will be not positively related to High internal work motivation.

Alternative Hypothesis

H₁: Skill Variety will be positively related to High internal work motivation.

Hypothesis 2: Relationship between Skill Variety and High satisfaction with the work

Null Hypothesis

H₀: Skill Variety will be not positively related to High satisfaction with the work.

Alternative Hypothesis

H₁: Skill Variety will be positively related to High satisfaction with the work.

Hypothesis 3: Relationship between Task Identity and High internal work motivation

Null Hypothesis

H₀: Task Identity will be not positively related to High internal work motivation.

Alternative Hypothesis

H₁: Task Identity will be positively related to High internal work motivation.

Hypothesis 4: Relationship between Task Identity and High satisfaction with the work

Null Hypothesis

H₀: Task Identity will be not positively related to High satisfaction with the work.

Alternative Hypothesis

H₁: Task Identity will be positively related to High satisfaction with the work.

Hypothesis 5: Relationship between Task Significance and High internal work motivation

Null Hypothesis

H₀: Task Significance will be not positively related to High internal work motivation.

Alternative Hypothesis

H₁: Task Significance will be positively related to High internal work motivation.

Hypothesis 6: Relationship between Task Significance and High satisfaction with the work

Null Hypothesis

H₀: Task Significance will be not positively related to High satisfaction with the work.

Alternative Hypothesis

H₁: Task Significance will be positively related to High satisfaction with the work.

Hypothesis 7: Relationship between Autonomy and High internal work motivation

Null Hypothesis

H₀: Autonomy will be not positively related to High internal work motivation.

Alternative Hypothesis

H₁: Autonomy will be positively related to High internal work motivation.

Hypothesis 8: Relationship between Autonomy and High satisfaction with the work

Null Hypothesis

H₀: Autonomy will be not positively related to High satisfaction with the work.

Alternative Hypothesis

H₁: Autonomy will be positively related to High satisfaction with the work.

Hypothesis 9: Relationship between Feedback and High internal work motivation

Null Hypothesis

H₀: Feedback will be not positively related to High internal work motivation.

Alternative Hypothesis

H₁: Feedback will be positively related to High internal work motivation.

Hypothesis 10: Relationship between Feedback and High satisfaction with the work

Null Hypothesis

H₀: Feedback will be not positively related to High satisfaction with the work.

Alternative Hypothesis

H₁: Feedback will be positively related to High satisfaction with the work.

Sample

A probability sampling method was used to draw the sample from the population for adequate representation, since it is a large population.

The research design for this study employs a descriptive survey method. The target population includes employees at BPO organisations in Sri Lanka. For manageability purpose only five pre-selected large-scale organisations were chosen (RRDolleley, WNS, Amba Research, Firstsource & HTPL). The sample size is 400 employees performing outsourced jobs

A survey questionnaire was developed to collect data for the study. The questionnaire was personally handed over to participants, to be filled and returned.

Primary data

Data collected from questionnaire surveys, personal interviews, indirect personal interviews and personal observations are used in the study.

Primary data were first edited and then coded for computerization. It contains quantitative and qualitative data.

Secondary data

Data collected from books, magazines, Journals, e-journals, records, past theoretical works of others, research, published and unpublished sources, figures from companies, universities and government. The reliability, suitability and the experience of collecting organisation of the secondary data are carefully examined before using for the research.

Data Analysis

Data was coded for computerization and analysed through descriptive statistics. Comparisons were done through graphs and tables.

Conclusion

This dissertation has a qualitative approach to the research, since the data collected is through an attitudinal survey.

Chapter 4

Data Analysis & Findings

Introduction

This chapter presents an analysis of the research findings. First details of reliability and validity measures will be elaborated followed by a descriptive data analysis. Then research objectives and data analysis will be presented. The data analysis is broken down into two major areas as follows. First analysis was done to identify the demographics of respondents and secondly analysis will look into a hypothesis test.

Data analysis and demographic data presentation

Summary of data

4.1: Table 4.1- Summary of data

	Mean	Std. Deviation	N
Gender	1.504	.5006	401
Age	1.479	.7072	401
Education	4.112	1.1916	401
Job	3.212	.9287	401
Experience	1.910	1.0426	401
ServiceBPO?	1.701	.8095	401
Sole source of income	.998	.0499	401
Family income	3.145	.9844	401
Time	1.222	2.3683	401
Shift	.140	.3471	401
Skill Variety_1	3.434	.7754	401

Task identity_1	3.451	.7571	401
Feedback_1	3.244	.8776	401
Task significance _1	3.372	.8210	401
Task identity_2	3.259	1.3574	401
Autonomy_1	3.274	1.2508	401
Skill Variety_2	3.267	1.2791	401
Task significance_2	2.955	1.4570	401
Autonomy_2	3.382	1.3216	401
Feedback_2	3.212	1.4326	401
Experienced meaningfulness of the work_1	3.738	1.1848	401
Experienced responsibilityfor outcomes of the work_1	3.307	1.4118	401
Knowledge of the actual results of the work activities_1	3.496	1.2789	401
High internal work motivation_1	3.756	1.3547	401
High general job satisfaction_1	3.793	1.1977	401
High general job satisfaction_2	3.406	1.5642	401
Pay satisfaction	3.628	1.2366	401
Training satisfaction	3.791	1.1602	401
Knowledge of the actual results of the work activities_2	3.521	1.2650	401
High internal work motivation_2	3.377	1.3436	401
High general job satisfaction_3	3.584	1.2956	401
Experienced meaningfulness of the work_2	3.362	1.3440	401
Experienced responsibilityfor outcomes of the work_2	3.506	1.2789	401
Growth Prospects	3.559	1.3047	401
Work/Life	3.489	1.3344	401
Job Security	4.067	1.2837	401
Good Working Conditions	3.893	1.1857	401
Recognition	3.706	1.5486	401
CompanyPolicies	3.716	1.2385	401
Teamwork	4.204	1.1014	401
Stress	4.042	1.0103	401
Continue working	.556	.4975	401

Reliability and Validity of Data

The reliability and validity of data were checked using the Cronbach Coefficient method. If Cronbach's alpha is closer to one, internal consistency or reliability of data can be treated as high. In general, the value of Cronbach's alpha greater than 0.7 is considered as acceptable and that is over 0.8 is good. Cronbach's alpha less than 0.6 is considered poor. All questions related to variables were presented using 5-point Likert scale.

Table 4.2- Reliability test results of data

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Skill Variety_1	106.36	98.990	-.022	.134	.535
Task identity_1	106.34	98.550	.009	.108	.532
Feedback_1	106.55	99.288	-.046	.133	.538
Task significance_1	106.42	99.609	-.063	.171	.538
Task identity_2	106.53	98.120	-.026	.059	.543
Autonomy_1	106.52	99.065	-.055	.136	.545
Skill Variety_2	106.52	101.615	-.155	.110	.558
Task significance_2	106.84	92.988	.148	.187	.519
Autonomy_2	106.41	93.442	.159	.220	.518
Feedback_2	106.58	97.259	-.002	.180	.541
Experienced meaningfulness of the work_1	106.05	91.990	.258	.401	.506
Experienced responsibility for outcomes of the work_1	106.48	94.515	.100	.389	.526
Knowledge of the actual results of the work activities_1	106.29	93.478	.167	.295	.517
High internal work motivation_1	106.03	90.219	.280	.472	.500
High general job satisfaction_1	106.00	93.252	.198	.370	.513
High general job satisfaction_2	106.38	91.977	.161	.394	.517
Pay satisfaction	106.16	94.486	.135	.350	.521
Training satisfaction	106.00	93.460	.198	.428	.513
Knowledge of the actual results of the work activities_2	106.27	94.237	.139	.341	.520
High internal work motivation_2	106.41	92.163	.205	.485	.511
High general job satisfaction_3	106.21	90.890	.271	.410	.502
Experienced meaningfulness of the work_2	106.43	92.036	.210	.531	.510
Experienced responsibility for outcomes of the work_2	106.28	90.794	.280	.358	.501

Growth Prospects	106.23	92.059	.219	.287	.509
Work/Life	106.30	91.036	.253	.272	.504
Job Security	105.72	96.266	.053	.227	.532
Good Working Conditions	105.90	91.427	.283	.575	.502
Recongnition	106.08	89.213	.261	.519	.501
CompanyPolicies	106.07	90.469	.308	.521	.498
Teamwork	105.59	96.543	.069	.409	.528
Stress	105.75	97.424	.041	.252	.531

Table 4.2 illustrates a summary of Cronbach's alpha for each variable. Since Cronbach's alpha values for all the variable is less than five, data were considered to be invalid for further analysis.

Gender

The sample comprises almost equal representation of the gender, therefore the below findings is more accurate.

Table 4.3- Gender comparison

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	199	49.6	49.6	49.6
Female	202	50.4	50.4	100.0
Total	401	100.0	100.0	

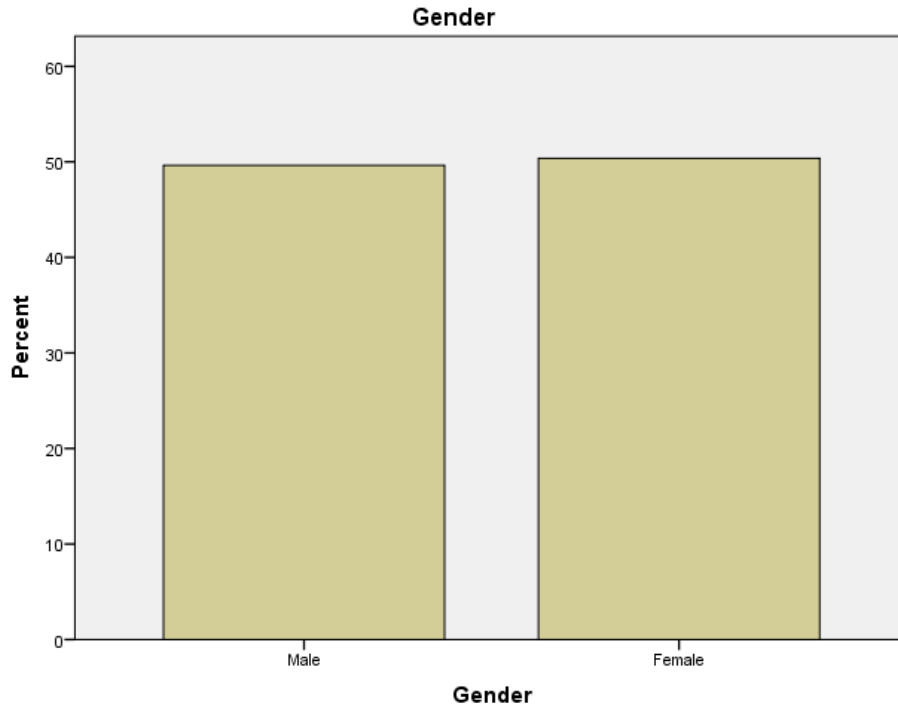


Figure 4.1 – Gender comparison

The following tables show that gender also has an impact on independent variables.

Table 4.4-Gender comparison with mean values

	Male	Female
Variables	Mean	Mean
Skill Variety_1	3.44	3.43
Task identity_1	3.53	3.37
Feedback_1	3.26	3.23
Task significance_1	3.35	3.39
Task identity_2	3.23	3.29
Autonomy_1	3.24	3.31
Skill Variety_2	3.24	3.29
Task significance_2	3.07	2.84
Autonomy_2	3.34	3.42
Fedback_2	3.14	3.29
Experienced meaningfulness of the work_1	3.71	3.77
Experienced responsibility for outcomes of the work_1	3.36	3.26
Knowledge of the actual results of the work activities_1	3.51	3.49
High internal work motivation_1	3.71	3.8
High general job satisfaction_1	3.77	3.82
High general job satisfaction_2	3.41	3.4
Pay satisfaction	3.64	3.62
Training satisfaction	3.77	3.81
Knowledge of the actual results of the work activities_2	3.52	3.52
High internal work motivation_2	3.37	3.38

High general job satisfaction_3	3.57	3.6
Experienced meaningfulness of the work_2	3.36	3.36
Experienced responsibility for outcomes of the work_2	3.46	3.55
Growth Prospects	3.43	3.69
Work/Life	3.43	3.55
Job Security	4.01	4.12
Good Working Conditions	3.86	3.92
Recognition	3.69	3.72
Company Policies	3.67	3.76
Teamwork	4.21	4.2
Stress	3.98	4.1

Upon considering the male and female staff performing BPO tasks in the sample, above table shows that male's value Teamwork, the meaningfulness of the work, income as the most important job outcome and that higher income and good teamwork are the two most important motivating factors. Females also value, income as the most important job outcome, and also value good teamwork and responsibility as the two key motivating factors.

Age

Table 4.5-Age summary

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-20	249	62.1	62.1	62.1
21-25	120	29.9	29.9	92.0
26-30	26	6.5	6.5	98.5
31-35	4	1.0	1.0	99.5
36-45	2	.5	.5	100.0
Total	401	100.0	100.0	

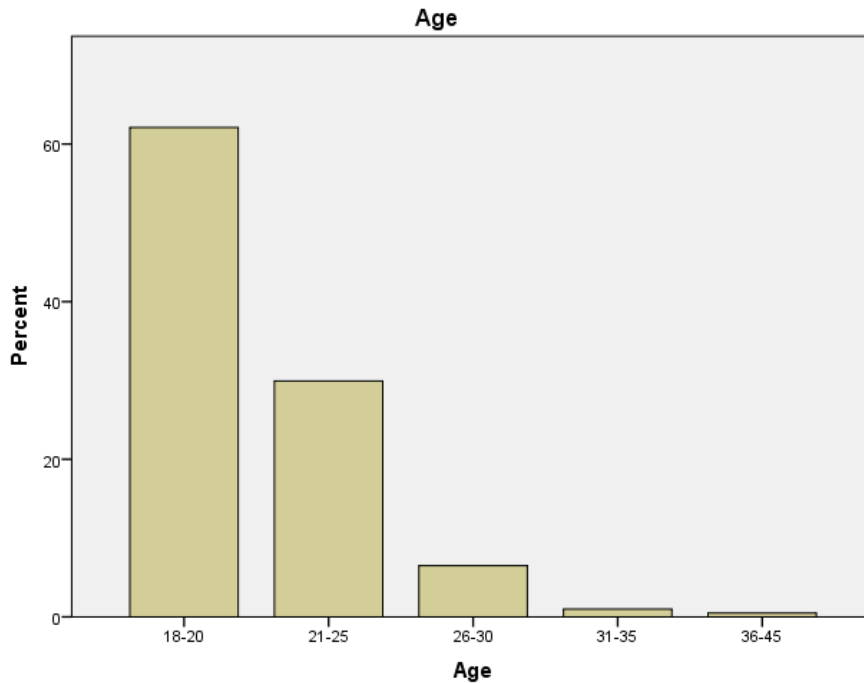


Figure 4.2 – Age comparison

Above figure clearly shows that the majority of the staff performing BPO tasks belongs to the youngest age group. Management should understand these employees are at their early stages of their career. Managing their job expectations properly would result positively in job satisfaction and performance.

Table 4.6-Age compared with age groups

Variables	Age 18-20	Age 21-25	Age 25+
Skill Variety_1	3.47	3.39	3.28
Taskidentity_1	3.42	3.45	3.72
Feedback_1	3.23	3.28	3.19
Task significance_1	3.33	3.42	3.56
Taskidentity_2	3.3	3.13	3.41
Autonomy_1	3.34	3.19	3.06
Skill Variety_2	3.25	3.18	3.72
Task significance_2	2.97	2.94	2.88
Autonomy_2	3.41	3.3	3.5
Fedback_2	3.14	3.22	3.72
Experienced meaningfulness of the work_1	3.77	3.61	4
Experienced responsibilityfor outcomes of the work_1	3.39	3.23	2.97
Knowledge of the actual results of the work activities_1	3.45	3.56	3.59
High internal work motivation_1	3.8	3.63	3.91
High general job satisfaction_1	3.83	3.73	3.75
High general job satisfaction_2	3.38	3.43	3.53
Pay satisfaction	3.57	3.77	3.53
Training satisfaction	3.78	3.83	3.69

Knowledge of the actual results of the work activities_2	3.52	3.6	3.25
High internal work motivation_2	3.39	3.42	3.16
High general job satisfaction_3	3.59	3.64	3.34
Experienced meaningfulness of the work_2	3.41	3.32	3.19
Experienced responsibility for outcomes of the work_2	3.45	3.64	3.41
Growth Prospects	3.51	3.75	3.19
Work/Life	3.44	3.64	3.28
Job Security	4.09	4.02	4.09
Good Working Conditions	3.88	4.01	3.59
Recognition	3.73	3.76	3.28
Company Policies	3.67	3.83	3.59
Teamwork	4.24	4.13	4.16
Stress	4.01	4.13	3.97

Among the youngest age group Team work, stress level and job security are the most important job outcomes. The above table shows that BPO staff value Team work and job security more than the pay. Also the highlighted variables are also considered important, according to the table.

Education

Table 4.7- Education summary

	Frequency	Percent	Valid Percent	Cumulative Percent
GCE Ordinary Level	1	.2	.2	.2
GCE Advanced Level	36	9.0	9.0	9.2
Diploma/Higher Diploma	76	19.0	19.0	28.2
Professional Qualifications	149	37.2	37.2	65.3
Bachelors Degree	99	24.7	24.7	90.0
Masters Degree/ Ph. D	23	5.7	5.7	95.8
Other	17	4.2	4.2	100.0
Total	401	100.0	100.0	

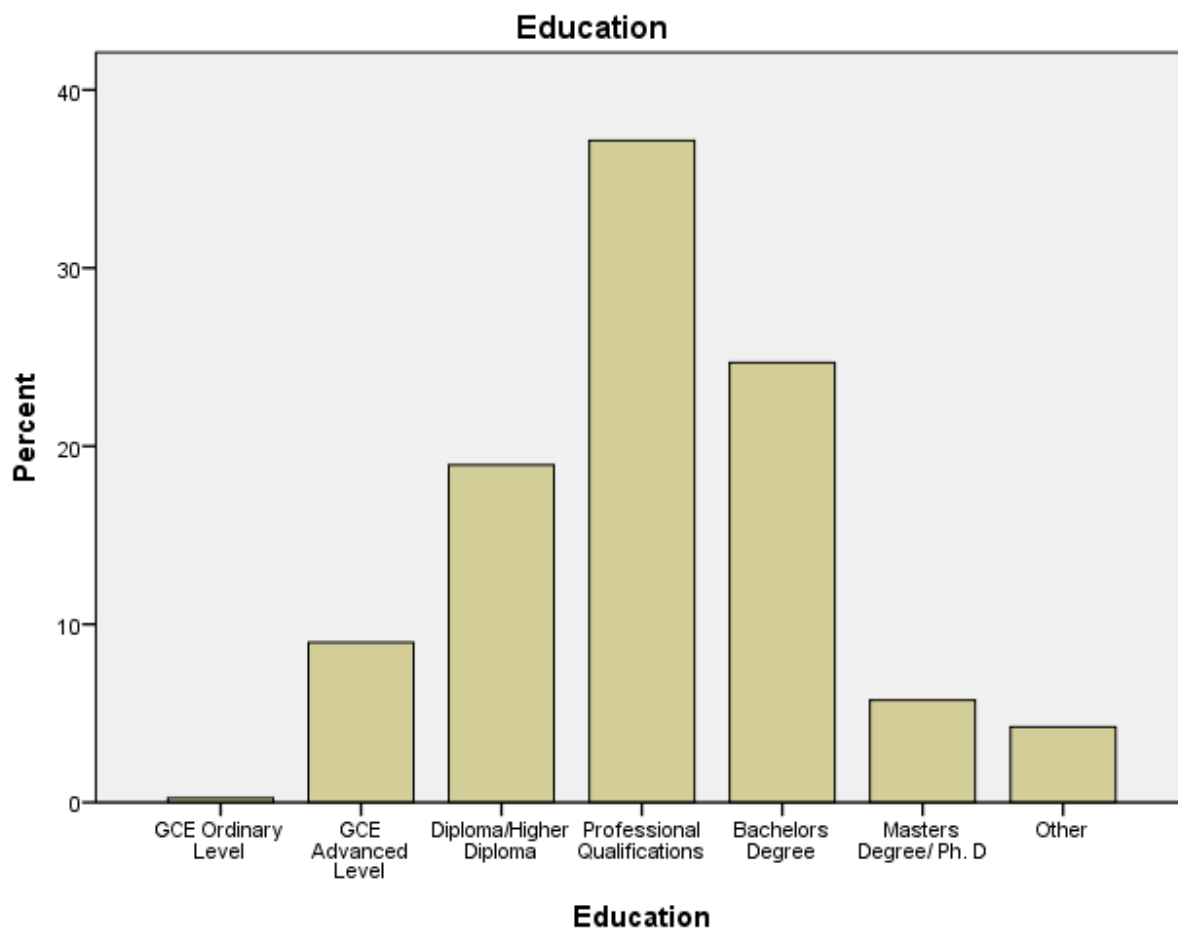


Figure 4.3 – Education comparison

The above table shows most of the staff is either still following or completed some professional qualifications. The majority of the workers is educated and knowledgeable.

Job Category

Table 4.8- Job summery

	Frequency	Percent	Valid Percent	Cumulative Percent
Operational Staff	29	7.2	7.2	7.2
Junior Manager	52	13.0	13.0	20.2
Valid Manager	125	31.2	31.2	51.4
Senior Executive	195	48.6	48.6	100.0
Total	401	100.0	100.0	

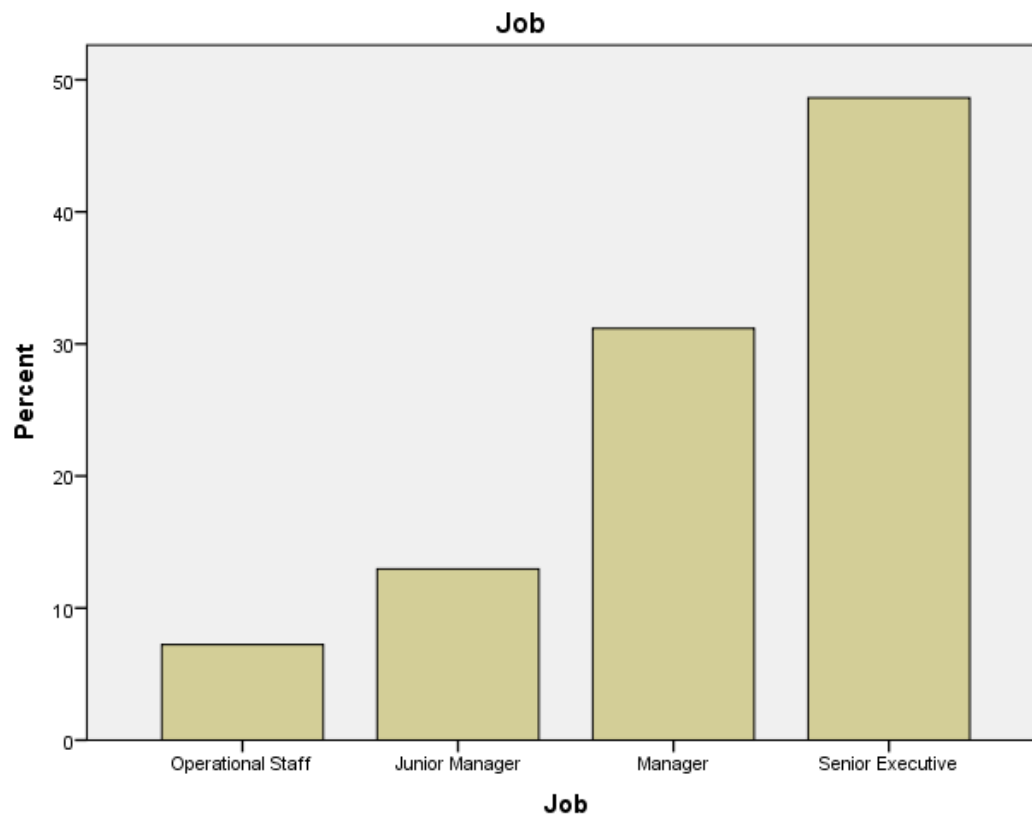


Figure 4.4 – Job comparison

The sample comprised of most of the senior executive staff in the BPO sector.

Table 4.9- Job comparison with levels

Job	Operational Staff	Junior Manager	Manager	Senior Executive	Total
Skill Variety_1	3.28	3.60	3.43	3.42	3.43

Task identity_1	3.52	3.60	3.46	3.39	3.45
Feedback_1	3.10	3.17	3.52	3.11	3.24
Task significance_1	3.34	3.50	3.39	3.33	3.37
Task identity_2	3.03	3.04	3.49	3.21	3.26
Autonomy_1	3.55	3.23	3.25	3.26	3.27
Skill Variety_2	3.03	3.29	3.38	3.23	3.27
Task significance_2	2.97	3.04	2.94	2.94	2.96
Autonomy_2	2.90	3.60	3.34	3.43	3.38
Fedback_2	3.41	3.31	3.21	3.16	3.21
Experienced meaningfulness of the work_1	3.48	3.85	3.79	3.71	3.74
Experienced responsibility for outcomes of the work_1	3.45	3.10	3.20	3.41	3.31
Knowledge of the actual results of the work activities_1	3.41	3.52	3.50	3.50	3.50
High internal work motivation_1	3.83	3.79	3.76	3.73	3.76
High general job satisfaction_1	3.86	3.83	3.78	3.78	3.79
High general job satisfaction_2	3.34	3.75	3.31	3.38	3.41
Pay satisfaction	3.38	3.81	3.59	3.64	3.63
Training satisfaction	3.83	3.79	3.73	3.83	3.79
Knowledge of the actual results of the work activities_2	3.86	3.33	3.36	3.63	3.52
High internal work motivation_2	3.97	3.42	3.15	3.42	3.38
High general job satisfaction_3	3.79	3.63	3.26	3.74	3.58
Experienced meaningfulness of the work_2	4.00	3.48	3.02	3.46	3.36
Experienced responsibility for outcomes of the work_2	3.59	3.67	3.42	3.51	3.51
Growth Prospects	3.76	3.63	3.61	3.48	3.56
Work/Life	3.69	3.62	3.42	3.47	3.49
Job Security	4.00	4.35	4.18	3.93	4.07
Good Working Conditions	3.90	3.79	3.88	3.93	3.89
Recognition	3.83	3.42	3.59	3.84	3.71
Company Policies	3.69	3.77	3.77	3.67	3.72
Teamwork	4.03	4.31	4.22	4.19	4.20
Stress	4.17	4.10	4.07	3.99	4.04

Experience in current BPO

Table 4.10- Experience summery

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year Experience	171	42.6	42.6	42.6
1 to 3 years	146	36.4	36.4	79.1
4 to 5 years	48	12.0	12.0	91.0
6 to 8 years	21	5.2	5.2	96.3
Over 8 years	15	3.7	3.7	100.0
Total	401	100.0	100.0	

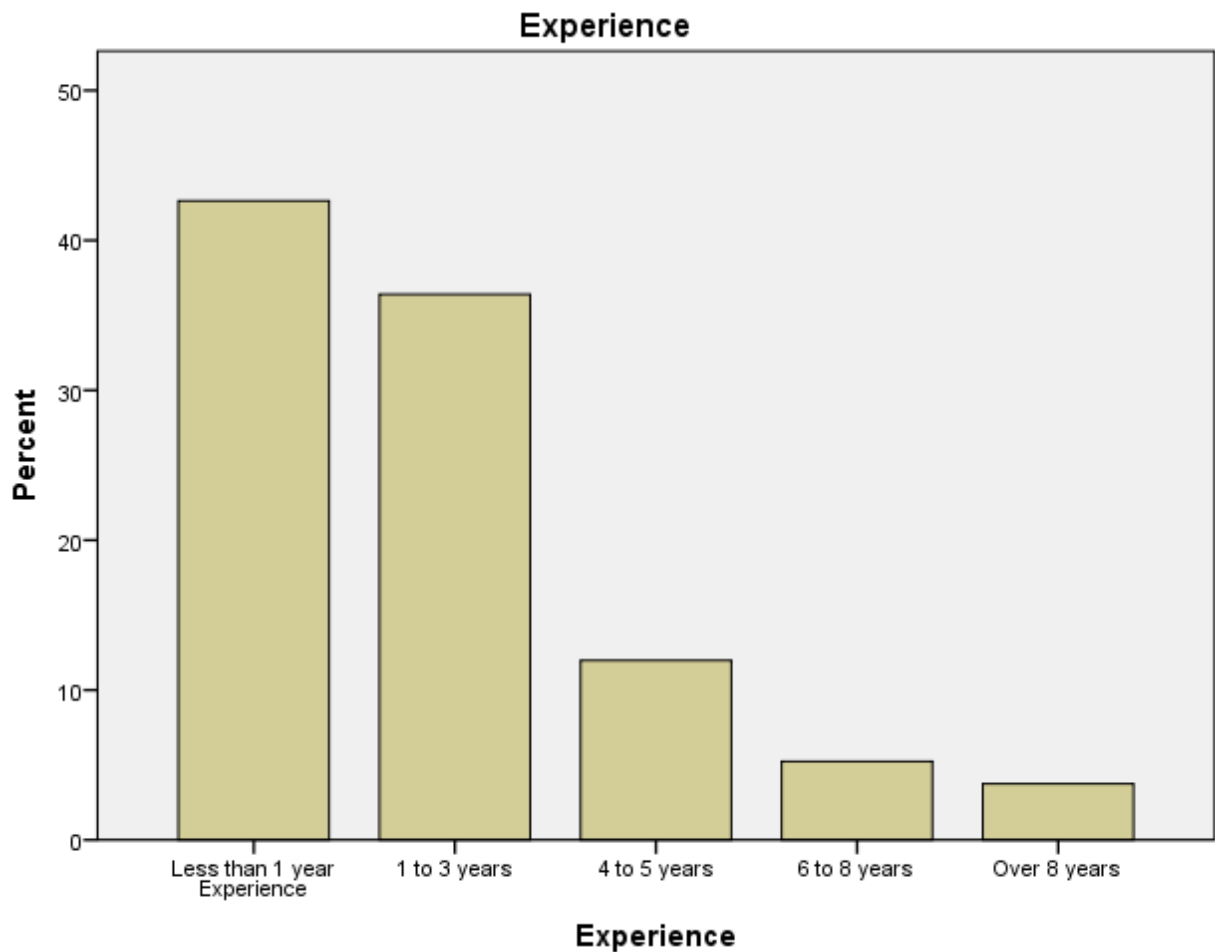


Figure 4.5 – Experience comparison

The majority of the workers fall into the first category of less than 1 year. In the recent, BPO industry has created a vast number of jobs in the market, which has resulted in more opportunities to employees.

Table 4.11- Experience comparison

Experience	Less than 1 year Experience	1 to 3 years	4 to 5 years	6 to 8 years	Over 8 years	Total
Skill Variety_1	3.48	3.40	3.40	3.62	3.07	3.43

Task identity_1	3.51	3.41	3.48	3.24	3.40	3.45
Feedback_1	3.33	3.11	3.38	3.33	3.00	3.24
Task significance _1	3.32	3.42	3.21	3.43	3.93	3.37
Task identity_2	3.28	3.32	3.21	3.24	2.67	3.26
Autonomy_1	3.32	3.16	3.52	3.14	3.33	3.27
Skill Variety_2	3.23	3.27	3.25	3.38	3.53	3.27
Task significance_2	2.96	2.90	3.00	3.05	3.20	2.96
Autonomy_2	3.33	3.38	3.60	3.19	3.47	3.38
Fedback_2	3.23	3.18	3.27	3.33	2.93	3.21
Experienced meaningfulness of the work_1	3.82	3.59	3.81	3.95	3.73	3.74
Experienced responsibilityfor outcomes of the work_1	3.25	3.38	3.35	3.38	3.07	3.31
Knowledge of the actual results of the work activities _1	3.59	3.39	3.65	3.19	3.40	3.50
High internal work motivation_1	3.82	3.73	3.56	3.48	4.20	3.76
High general job satisfaction_1	3.77	3.86	3.92	3.33	3.67	3.79
High general job satisfaction_2	3.44	3.45	2.94	3.38	4.13	3.41
Pay satisfaction	3.60	3.68	3.63	3.57	3.47	3.63
Training satisfaction	3.79	3.75	3.88	3.86	3.80	3.79
Knowledge of the actual results of the work activities_2	3.39	3.58	3.75	3.76	3.47	3.52
High internal work motivation_2	3.23	3.51	3.48	3.76	2.93	3.38
High general job satisfaction_3	3.62	3.52	3.46	3.62	4.13	3.58
Experienced meaningfulness of the work_2	3.43	3.32	3.23	3.24	3.53	3.36
Experienced responsibilityfor outcomes of the work_2	3.40	3.64	3.44	3.62	3.47	3.51
Growth Prospects	3.63	3.45	3.73	3.48	3.40	3.56
Work/Life	3.52	3.47	3.63	3.43	3.00	3.49
Job Security	4.15	3.97	4.04	3.71	4.67	4.07
Good Working Conditions	3.95	3.84	3.88	4.14	3.40	3.89
Recongnition	3.80	3.71	3.52	4.00	2.87	3.71
Company Policies	3.80	3.71	3.54	3.86	3.20	3.72
Teamwork	4.25	4.10	4.23	4.14	4.73	4.20
Stress	3.97	4.08	4.17	3.95	4.27	4.04

Sole Income

Table 4.12-Sole source of income summery

	Frequency	Percent	Valid Percent	Cumulative Percent
No	1	.2	.2	.2
Valid Yes	400	99.8	99.8	100.0
Total	401	100.0	100.0	

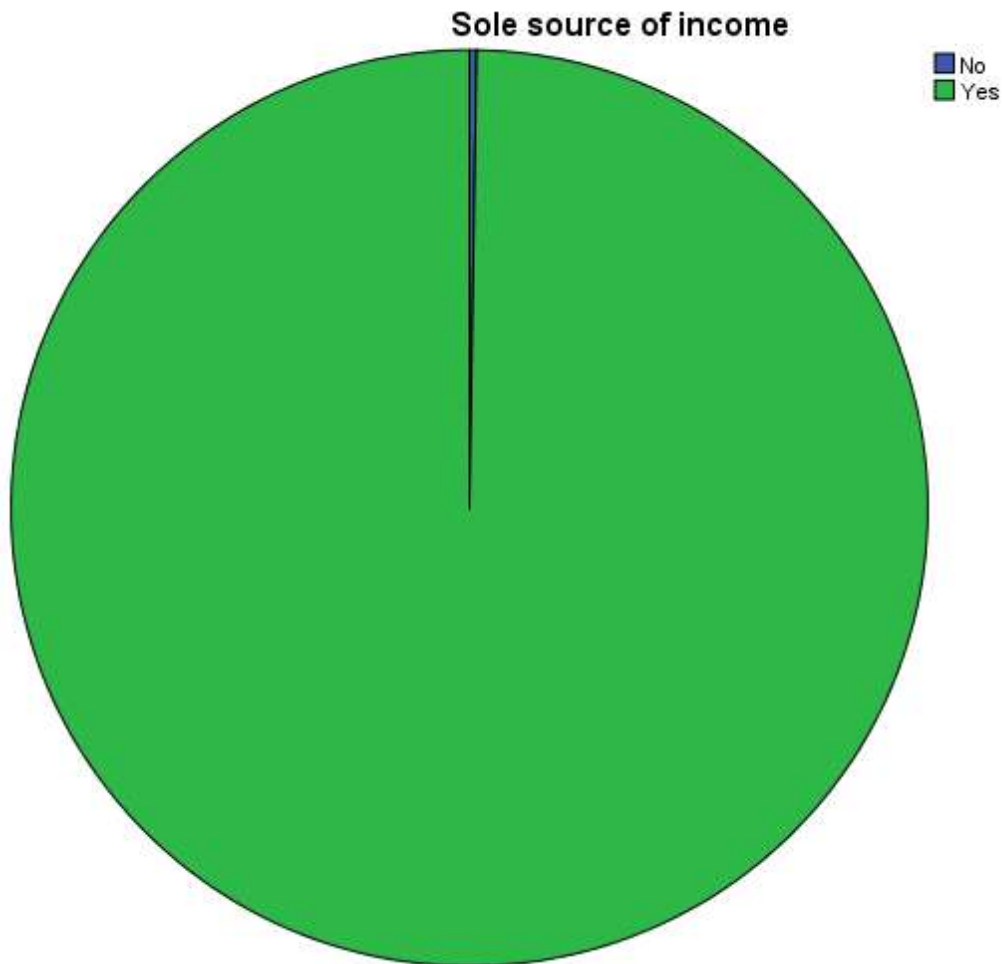


Figure 4.6 – Sole source of income comparison

Almost for all employees this is the sole source of income.

Shift work

Table 4.13- Shift work summery

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	345	86.0	86.0	86.0
	No	56	14.0	14.0	100.0
	Total	401	100.0	100.0	

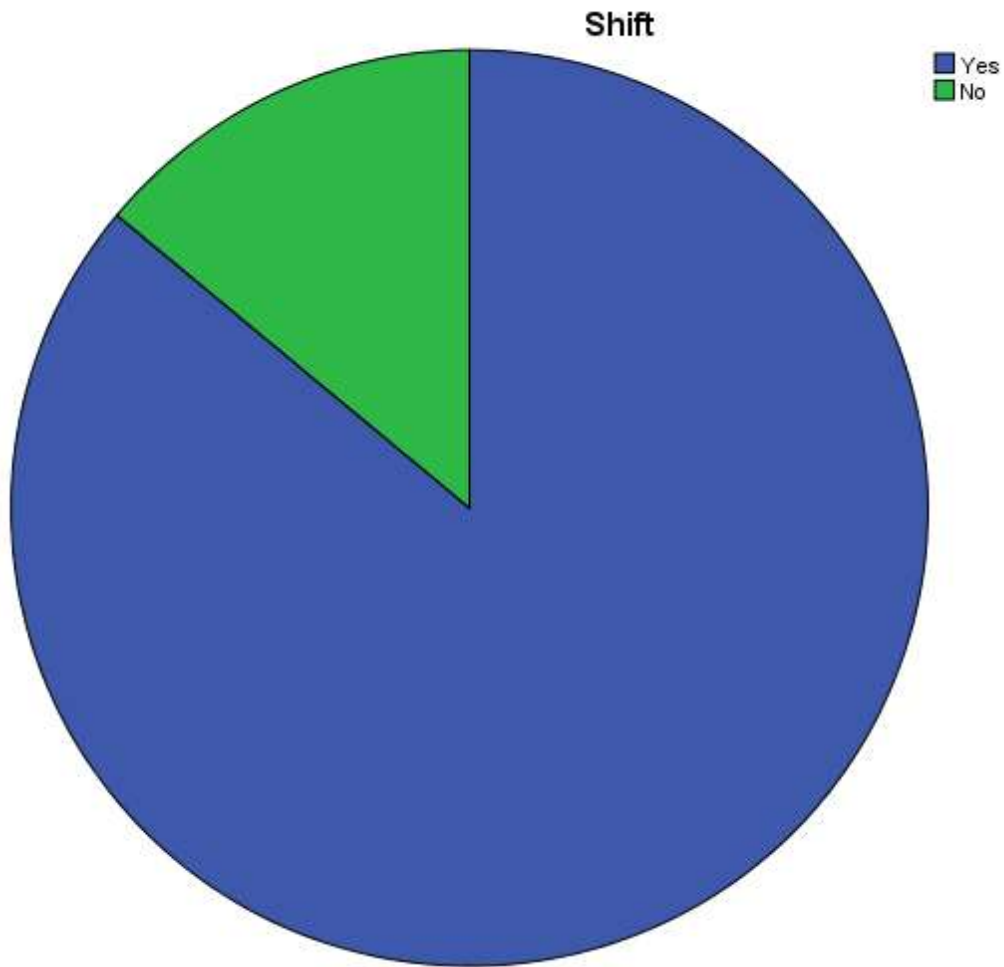


Figure 4.7 – Shift comparison

Most of the employees prefer to work on a shift basis, as it gives them the flexibility, freedom and time to engage in other activities.

Time taken to come to work

Table 4.14- Time taken to work
Statistics

Time

N	Valid	401
	Missing	0
Mean		1.222
Median		1.039 ^a
Mode		1.0
Minimum		.0
Maximum		35.0

a. Calculated from grouped data.

Table 4.15- Time taken to work summery

	Frequency	Percent	Valid Percent	Cumulative Percent
.0	5	1.2	1.2	1.2
.1	1	.2	.2	1.5
.1	2	.5	.5	2.0
.2	9	2.2	2.2	4.2
.2	6	1.5	1.5	5.7
.3	18	4.5	4.5	10.2
.3	31	7.7	7.7	18.0
.4	1	.2	.2	18.2
.4	8	2.0	2.0	20.2
.5	47	11.7	11.7	31.9
.5	1	.2	.2	32.2
Valid 1.0	102	25.4	25.4	57.6
1.1	3	.7	.7	58.4
1.2	5	1.2	1.2	59.6
1.2	4	1.0	1.0	60.6
1.3	29	7.2	7.2	67.8
1.4	1	.2	.2	68.1
1.4	3	.7	.7	68.8
1.5	22	5.5	5.5	74.3
1.5	68	17.0	17.0	91.3
2.0	24	6.0	6.0	97.3
2.2	3	.7	.7	98.0
2.3	2	.5	.5	98.5

3.0	2	.5	.5	99.0
11.0	1	.2	.2	99.3
22.0	2	.5	.5	99.8
35.0	1	.2	.2	100.0
Total	401	100.0	100.0	

Average time spend on coming to work is 1:20 hours.

Pay Satisfaction

Table 4.16- Pay satisfaction summery

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree Strongly	42	10.5	10.5	10.5
Disagree Slightly	28	7.0	7.0	17.5
Neither Agree nor Disagree	72	18.0	18.0	35.4
Agree Slightly	154	38.4	38.4	73.8
Agree Strongly	105	26.2	26.2	100.0
Total	401	100.0	100.0	

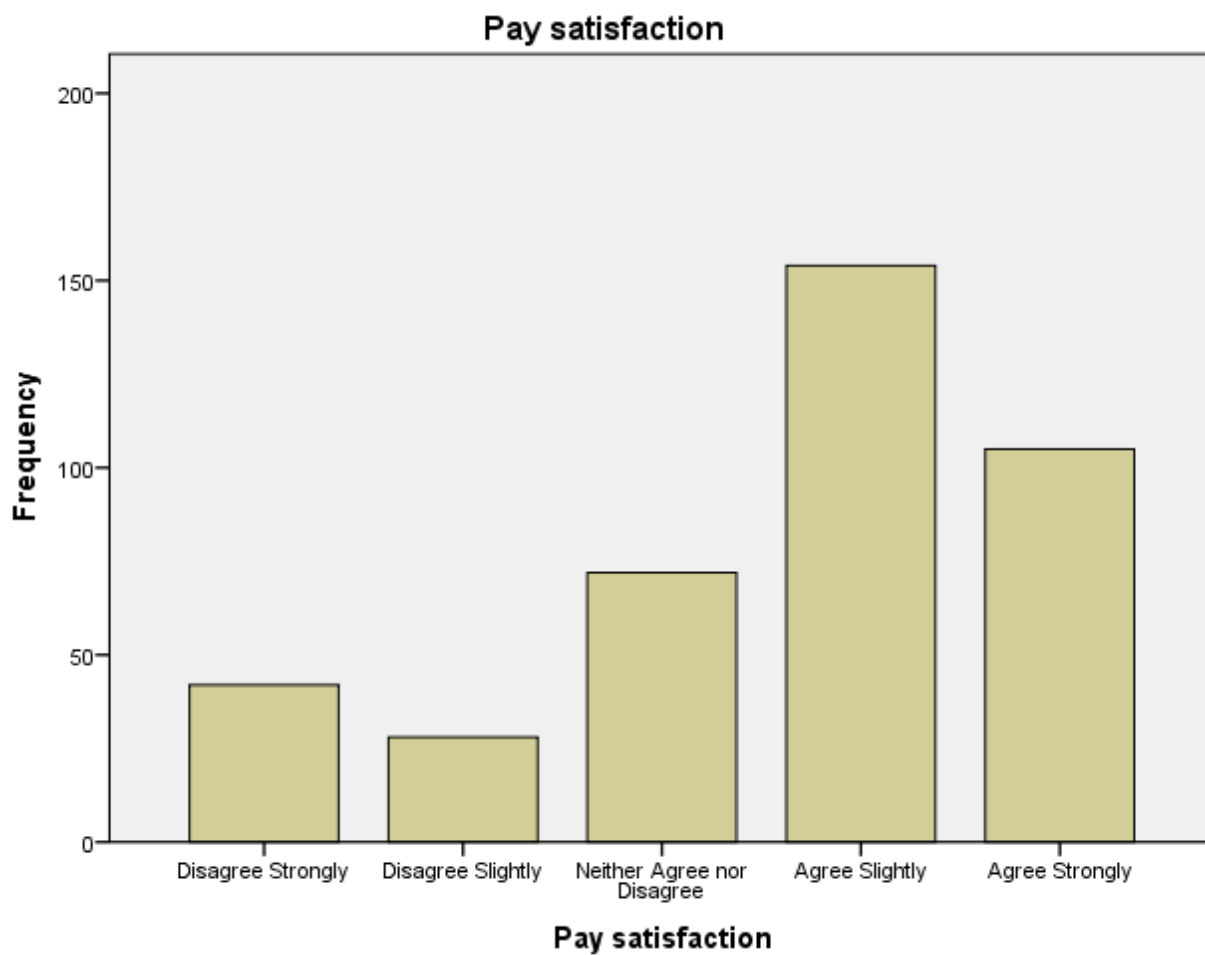


Figure 4.8 – Pay satisfaction comparison

As per the chart majority of employees slightly agree on the pay

Training Satisfaction

Table 4.17- Training satisfaction summery

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree Strongly	25	6.2	6.2	6.2
Disagree Slightly	32	8.0	8.0	14.2
Neither Agree nor Disagree	74	18.5	18.5	32.7
Agree Slightly	141	35.2	35.2	67.8
Agree Strongly	129	32.2	32.2	100.0
Total	401	100.0	100.0	

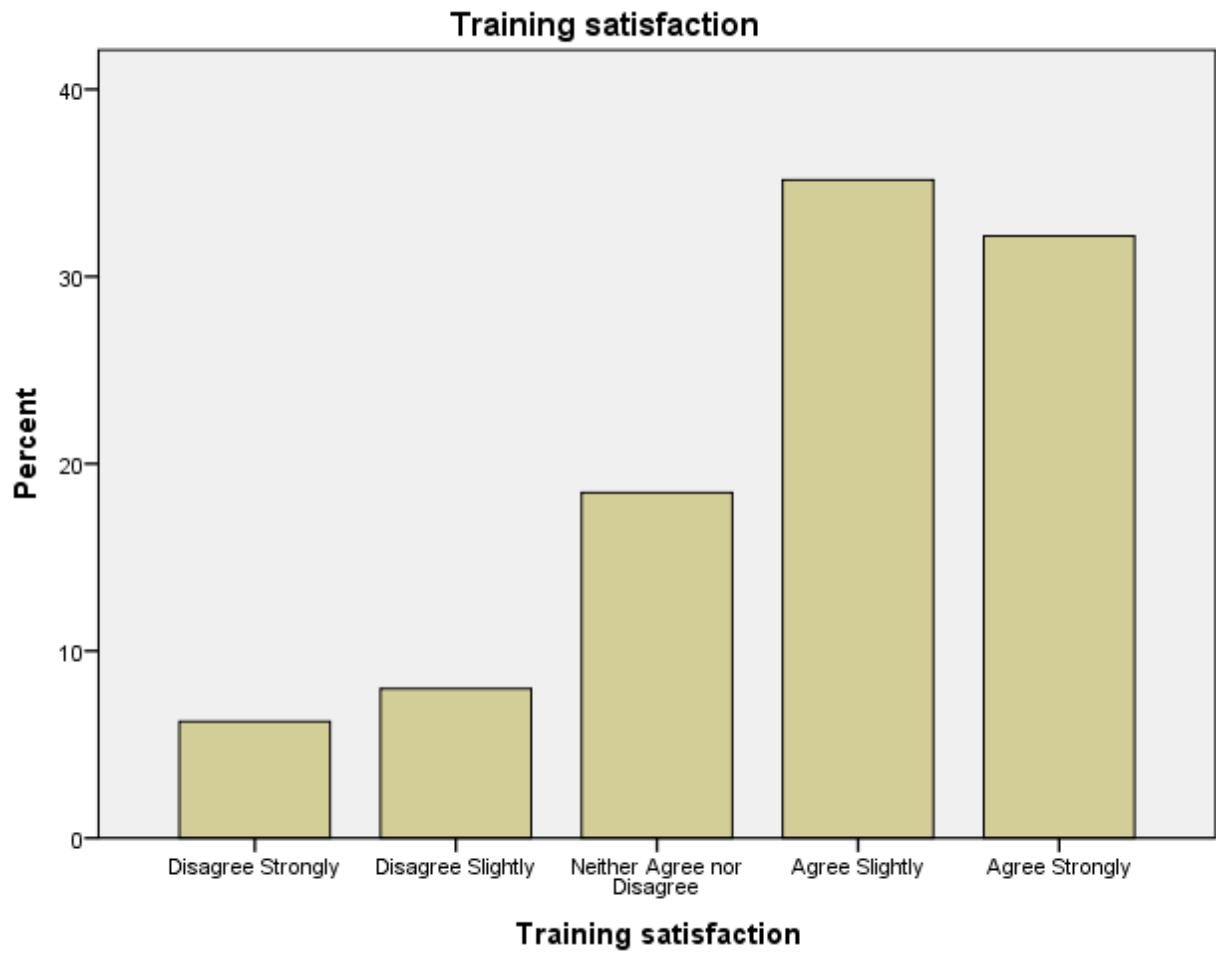


Figure 4.9 – Training satisfaction comparison

As per the chart majority of employees slightly agree on the pay

Continuity of work in the same place

Table 4.18- Continue working in the same place

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	178	44.4	44.4	44.4
	Yes	223	55.6	55.6	100.0
	Total	401	100.0	100.0	

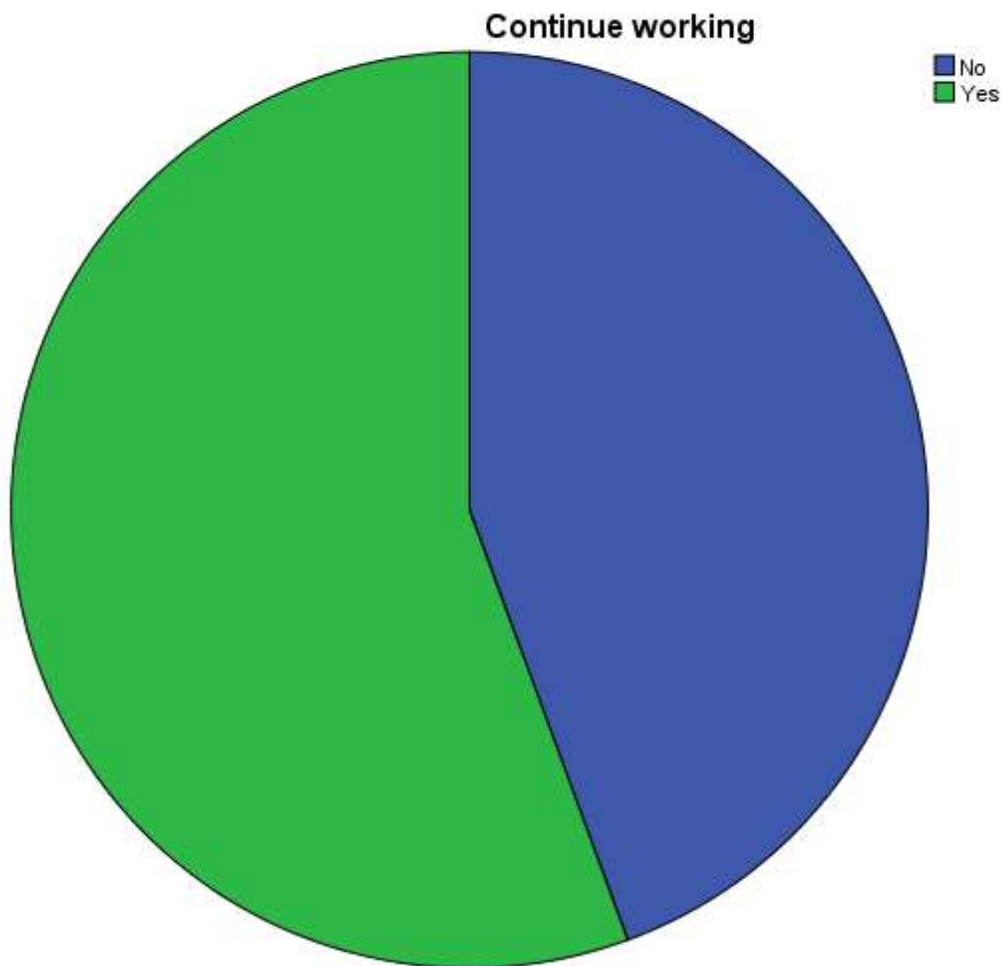


Figure 4.10 – Work continuity comparison

The majority of the people prefers to continue working in the same place.

Reason for leaving the job

Table 4.19- Reasons for leave summary

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	223	55.6	55.6	55.6

Conflicts with managers	9	2.2	2.2	57.9
Dissatisfaction with pay	55	13.7	13.7	71.6
Lack of recognition	18	4.5	4.5	76.1
New career opportunity	46	11.5	11.5	87.5
No advancement opportunities	27	6.7	6.7	94.3
Type of work	23	5.7	5.7	100.0
Total	401	100.0	100.0	

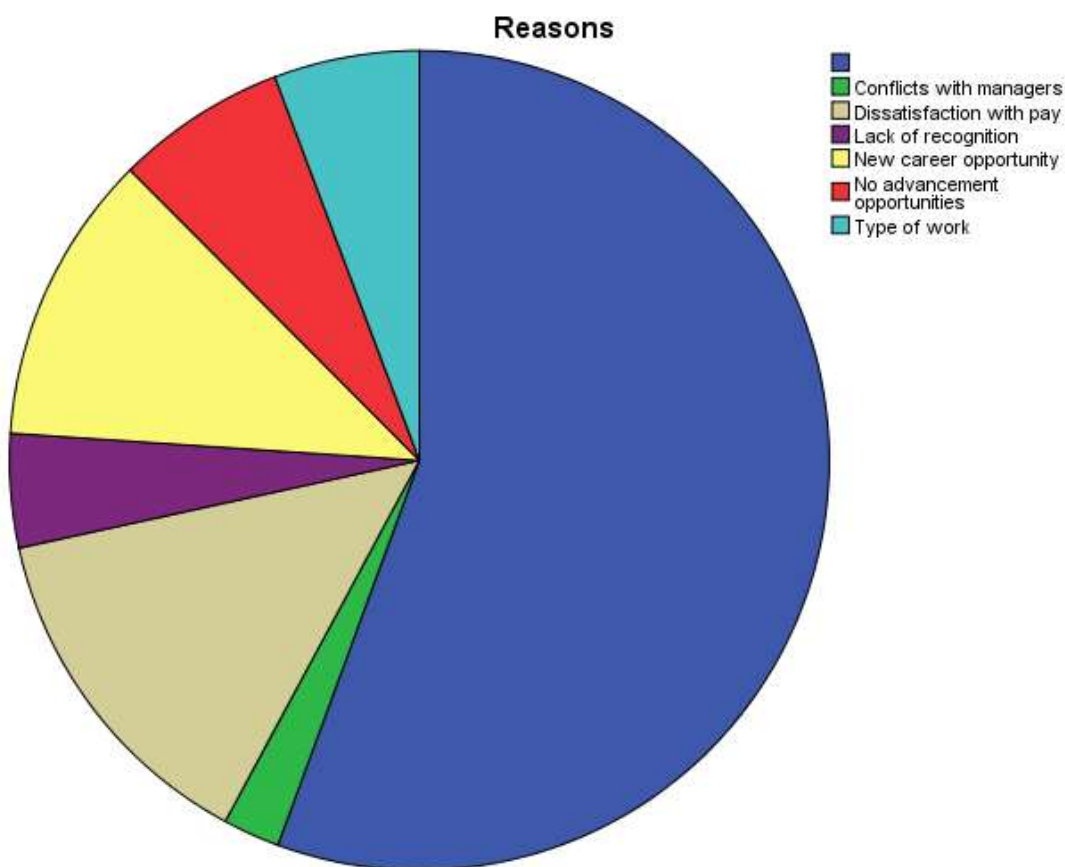


Figure 4.11 – Reason for leaving the job comparison

Hypotheses testing

Hypotheses are derived from the survey data

H1: Skill Variety will be positively related to High internal work motivation.

Table 4.20- Skill Variety_1 * High internal work motivation_1 Cross tabulation

Count

		High internal work motivation_1					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Skill Variety_1	Very Inaccurate	1	0	0	3	2	6
	Slightly Inaccurate	6	1	3	7	9	26
	Uncertain	18	10	42	31	83	184
	Slightly Accurate	17	14	21	43	63	158
	Very Accurate	4	3	2	11	7	27
Total		46	28	68	95	164	401

Table 4.21 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.066 ^a	16	.041
Likelihood Ratio	27.495	16	.036
Linear-by-Linear Association	.045	1	.831
N of Valid Cases	401		

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .42.

A chi-square test was performed and relationship was found between Skill Variety and the High internal work motivation, $X^2 (16, N = 401) = 27.066, p = .041$.

Since the compute p value = 0.041 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H2: Skill Variety will be positively related to High satisfaction with the work.

Table 4.22 - Skill Variety_2 * High general job satisfaction_1 Cross tabulation

Count

		High general job satisfaction_1					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	

Skill Variety_2	Very Inaccurate	3	1	11	9	27	51
	Slightly Inaccurate	4	4	15	16	20	59
	Uncertain	3	4	35	25	32	99
	Slightly Accurate	11	1	23	51	30	116
	Very Accurate	13	2	13	17	31	76
Total		34	12	97	118	140	401

Table 4.23 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.964 ^a	16	.000
Likelihood Ratio	43.201	16	.000
Linear-by-Linear Association	2.754	1	.097
N of Valid Cases	401		

a. 6 cells (24.0%) have expected count less than 5. The minimum expected count is 1.53.

A chi-square test was performed and relationship was found between Skill Variety and the High general job satisfaction, $X^2 (16, N = 401) = 44.964, p = .000$.

Since the compute p value = 0.000 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H3: Task Identity will be positively related to High internal work motivation.

Table 4.24 - Task identity_1 * High internal work motivation_1 Cross tabulation

Count

		High internal work motivation_1					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Task identity_1	Very Inaccurate	0	1	2	0	2	5
	Slightly Inaccurate	3	2	4	6	13	28
	Uncertain	24	14	35	36	62	171
	Slightly Accurate	17	8	25	45	80	175
	Very Accurate	2	3	2	8	7	22

Total	46	28	68	95	164	401
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Table 4.25 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.122 ^a	16	.378
Likelihood Ratio	17.846	16	.333
Linear-by-Linear Association	1.636	1	.201
N of Valid Cases	401		

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .35.

A chi-square test was performed and relationship was found between Task identity and the High internal work motivation, $X^2 (16, N = 401) = 17.122, p = .378$.

Since the compute p value = 0.378 is more than $\alpha = 0.05$, we cannot reject the null hypothesis.

H4: Task Identity will be positively related to High satisfaction with the work.

Table 4.26 - Task identity_2 * High general job satisfaction_3 Cross tabulation

Count

		High general job satisfaction_3					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Task identity_2	Very Inaccurate	9	2	17	15	16	59
	Slightly Inaccurate	4	5	16	17	24	66
	Uncertain	14	7	21	9	24	75
	Slightly Accurate	12	4	23	44	31	114
	Very Accurate	7	9	20	24	27	87
Total		46	27	97	109	122	401

Table 4.27 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.201 ^a	16	.039
Likelihood Ratio	28.353	16	.029
Linear-by-Linear Association	.367	1	.545
N of Valid Cases	401		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 3.97.

A chi-square test was performed and relationship was found between Task identity and the High general job satisfaction, $X^2 (16, N = 401) = 27.201, p = .039$.

Since the compute p value = 0.039 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H5: Task Significance will be positively related to High internal work motivation.

Table 4.28 - Task significance _1 * High internal work motivation_1 Cross tabulation

Count

		High internal work motivation_1					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Task significance_1	Very Inaccurate	0	0	0	5	0	5
	Slightly Inaccurate	8	3	9	7	25	52
	Uncertain	13	15	25	38	63	154
	Slightly Accurate	22	9	32	36	70	169
	Very Accurate	3	1	2	9	6	21
Total		46	28	68	95	164	401

Table 4.29 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.724 ^a	16	.019
Likelihood Ratio	27.932	16	.032
Linear-by-Linear Association	.186	1	.667
N of Valid Cases	401		

a. 10 cells (40.0%) have expected count less than 5. The minimum expected count is .35.

A chi-square test was performed and relationship was found between Task significance and the High internal work motivation, $X^2 (16, N = 401) = 29.724, p = .019$.

Since the compute p value = 0.019 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H6: Task Significance will be positively related to High satisfaction with the work.

Table 4.30 - Task significance_2 * High general job satisfaction_3 Cross tabulation

Count

		High general job satisfaction_3					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Task significance_2	Very Inaccurate	13	12	37	29	11	102
	Slightly Inaccurate	12	2	4	16	14	48
	Uncertain	7	1	30	21	38	97
	Slightly Accurate	9	2	11	25	27	74
	Very Accurate	5	10	15	18	32	80
Total		46	27	97	109	122	401

Table 4.31 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	64.952 ^a	16	.000
Likelihood Ratio	70.401	16	.000
Linear-by-Linear Association	15.680	1	.000
N of Valid Cases	401		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 3.23.

A chi-square test was performed and relationship was found between Task significance and the High general job satisfaction, $X^2 (16, N = 401) = 64.952, p = .000$.

Since the compute p value = 0. .000 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H7: Autonomy will be positively related to High internal work motivation.

Table 4.32 - Autonomy_2 * High internal work motivation_2 Cross tabulation

Count

		High internal work motivation_2					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Autonomy_2	Very Inaccurate	14	2	13	13	12	54
	Slightly Inaccurate	12	1	6	16	12	47
	Uncertain	11	3	35	20	16	85
	Slightly Accurate	4	16	33	34	35	122
	Very Accurate	21	10	9	32	21	93
Total		62	32	96	115	96	401

Table 4.33 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	58.719 ^a	16	.000
Likelihood Ratio	64.673	16	.000
Linear-by-Linear Association	1.108	1	.292
N of Valid Cases	401		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 3.75.

A chi-square test was performed and relationship was found between Autonomy and the High internal work motivation, $X^2 (16, N = 401) = 58.719, p = .000$.

Since the compute p value = 0. .000 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H8: Autonomy will be positively related to High satisfaction with the work.

Table 4.34 - Autonomy_2 * High general job satisfaction_3 Cross tabulation

Count

		High general job satisfaction_3					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Autonomy_2	Very Inaccurate	13	1	4	20	16	54
	Slightly Inaccurate	10	1	6	14	16	47
	Uncertain	7	10	8	25	35	85
	Slightly Accurate	8	11	54	30	19	122
	Very Accurate	8	4	25	20	36	93
Total		46	27	97	109	122	401

Table 4.35 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	78.864 ^a	16	.000
Likelihood Ratio	80.166	16	.000
Linear-by-Linear Association	.366	1	.545
N of Valid Cases	401		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 3.16.

A chi-square test was performed and relationship was found between Autonomy and the High general job satisfaction, $X^2 (16, N = 401) = 78.864, p = .000$.

Since the compute p value = 0. .000 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H9: Feedback will be positively related to High internal work motivation.

Table 4.36-Feedback_2 * High internal work motivation_1 Cross tabulation

Count

		High internal work motivation_1					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Feedback _2	Very Inaccurate	6	4	6	27	37	80
	Slightly Inaccurate	12	11	5	5	11	44
	Uncertain	9	4	25	16	27	81
	Slightly Accurate	9	4	11	36	43	103
	Very Accurate	10	5	21	11	46	93
Total		46	28	68	95	164	401

Table 4.37- Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	76.853 ^a	16	.000
Likelihood Ratio	67.389	16	.000
Linear-by-Linear Association	.588	1	.443
N of Valid Cases	401		

a. 1 cells (4.0%) have expected count less than 5. The minimum expected count is 3.07.

A chi-square test was performed and relationship was found between Feedback and the High internal work motivation, $X^2(16, N = 401) = 76.853, p = .000$.

Since the compute p value = 0.000 is less than $\alpha = 0.05$, we can reject the null hypothesis.

H10: Feedback will be positively related to High satisfaction with the work.

Table 4.38- Feedback_2 * High general job satisfaction_2 Cross tabulation

Count

		High general job satisfaction_2					Total
		Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly	
Feedback_2	Very Inaccurate	9	2	7	12	50	80
	Slightly Inaccurate	15	13	2	4	10	44
	Uncertain	10	4	17	35	15	81
	Slightly Accurate	19	17	5	30	32	103
	Very Accurate	35	2	6	18	32	93
Total		88	38	37	99	139	401

Table 4.39 - Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	119.554 ^a	16	.000
Likelihood Ratio	111.050	16	.000
Linear-by-Linear Association	9.834	1	.002
N of Valid Cases	401		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 4.06.

A chi-square test was performed and relationship was found between Feedback and the High general job satisfaction, $X^2(16, N = 401) = 119.554, p = .000$.

Since the compute p value = 0.000 is less than $\alpha = 0.05$, we can reject the null hypothesis.

Correlations Analysis Table 4.40 – Correlations analysis

	Skill Variety_1	Task identity_1	Feedback_1	Task significance _1	Task identity_2	Autonomy_1	Skill Variety_2	Task significance_2	Autonomy_2	Feedback_2	Experienced meaningfulness of the work_1	Experienced responsibility for outcomes of the work_1	Knowledge of the actual results of the work activities_1	High internal work motivation_1	High general job satisfaction_1	High general job satisfaction_2	Pay satisfaction	Training satisfaction	Knowledge of the actual results of the work activities_2	High internal work motivation_2	High general job satisfaction_3	Experienced meaningfulness of the work_2	Experienced responsibility for outcomes of the work_2	Growth Prospects	Work/Life	Job Security	Good Working Conditions	Recognition	Company Policies	Teamwork	
Skill Variety_1	1	.096	.134**	.050	.004	.041	.031	.008	.059	.092	.007	.019	.087	.011	.059	.003	.020	.085	.029	.145**	.043	.084	.000	.046	.084	.028	.080	.054	.074	.019	
Task identity_1		1	.116*	.083	.036	.054	.006	.014	.042	.042	.074	.048	.011	.064	.054	.011	.029	.128*	.025	.013	.009	.036	.076	.053	.016	.046	.021	.011	.047	.006	
Feedback_1			1	.078	.022	.196**	.051	.011	.066	.042	.002	.022	.057	.036	.054	.022	.117*	.063	.079	.057	.029	.046	.050	.009	.013	.092	.092	.011	.014	.132**	

Task significance_1	-.050	.083	.078	1	.055	-.146**	.017	.089	.016	-.052	-.036	-.105*	-.090	-.022	-.033	-.011	-.001	-.020	-.067	-.104*	.087	-.099*	-.120*	-.008	-.066	-.066	.171**	.010	-.020	-.026	-.001
Task identity_2	.004	.036	.022	.055	1	.014	.017	.029	.000	.018	-.025	.023	.030	.035	.019	-.001	-.008	-.001	.057	.030	.035	.035	.024	.048	.083	.020	.020	.008	.062	.086	.061
Autonomy_1	.041	.054	.196**	.146**	1	.034	.043	.032	.123*	.020	.041	.007	.030	.090	.018	.015	.036	.048	.011	.036	.043	.003	.001	.051	.078	.027	.102*	.050	.020	.048	.043
Skill Variety_2	.031	.006	.051	.017	1	.034	.067	.171**	.047	.081	.071	.067	.135**	.083	.002	.111*	.141**	.033	.136**	.061	.080	.050	.004	.004	.027	.040	.044	.040	.001	.004	.068
Task significance_2	.008	.014	.011	.089	1	.043	.067	.188**	.073	.145**	.052	.090	.030	.014	.229**	.073	.030	.090	.058	.198**	.210**	.050	.007	.022	.084	.084	.084	.017	.064	.084	.000
Autonomy_2	.059	.042	.066	.016	1	.032	.171**	.188**	.057	.102*	.103*	.022	.185**	.200**	.084	.316**	.170**	.018	.053	.030	.071	.100*	.025	.000	.020	.085	.085	.001	.033	.010	.030
Feedback_2	.092	.042	.042	.052	1	.123*	.047	.073	.057	.171**	.185**	.153**	.038	.010	.157**	.119	.117*	.054	.126*	.037	.136**	.109*	.031	.015	.010	.010	.007	.063	.008	.034	
Experienced meaningfulness of the work_1	.007	.074	.002	.036	1	.002	.081	.145**	.102*	.171**	1	.190**	.291**	.357**	.014	.117*	.096	.122*	.061	.122*	.049	.028	.122*	.018	.083	.061	.028	.068	.125*	.074	
Experienced responsibility for outcomes of the work_1	.019	.048	.022	.105*	1	.041	.071	.052	.103*	.185**	.190**	1	.194**	.063	.094	.162**	.225**	.110*	.278**	.257**	.024	.148**	.209**	.009	.049	.062	.041	.083	.050	.161**	
Knowledge of the actual results of the work activities_1	.087	.011	.057	.090	1	.007	.067	.090	.022	.153**	.291**	1	.216**	.018	.030	.221**	.105*	.008	.016	.075	.071	.053	.060	.076	.127*	.132**	.104*	.012	.053		
High internal work motivation_1	.011	.064	.036	.022	1	.030	.135**	.030	.185**	.038	.357**	1	.063	.216**	.283**	.029	.028	.101*	.068	.055	.222**	.034	.272**	.007	.065	.153**	.037	.099*	.051	.310**	
High general job satisfaction_1	.059	.054	.054	.033	1	.090	.083	.014	.200**	.010	.014	1	.094	.018	.283**	.272**	.341**	.166**	.092	.022	.067	.158**	.050	.008	.066	.072	.098	.065	.176**		

High general job satisfaction_2	.003	.011	.022	-.011	-.059	-.018	-.002	.229**	.084	-.157**	.117*	-.162**	-.030	.029	-.027	1	.105*	.092	.159**	-.140**	.292**	.480**	-.027	-.005	.066	.034	.003	.038	.060	.007
Pay satisfaction	.020	-.029	-.117*	.001	-.001	.015	.111*	.073	.316**	.019	-.096	.225**	.221**	.028	.272**	.105*	.359**	.124*	.108*	.108*	.159**	.148**	.131**	.024	.005	.068	-.004	.078	-.095	
Training satisfaction	-.085	.128*	.063	.020	.008	.036	.141**	.030	.170**	.117*	.122*	.110*	.105*	.101*	.341**	.092	.359**	.067	.290**	.020	.049	.095	.115*	.173**	.021	.164**	.007	.120*	-.052	
Knowledge of the actual results of the work activities_2	.029	.025	.079	.067	.001	.048	.033	.090	.018	.054	-.061	.278**	.008	.068	.166**	.159**	.124*	.067	1	.289**	.159**	.242**	.175**	.085	.108*	-.092	.078	.082	-.109*	
High internal work motivation_2	-.145**	-.013	.057	.104*	.057	.011	.136**	.058	.053	.126*	.122*	.257**	.016	.055	.092	.140**	.108*	.290**	.289**	1	.011	.099*	.337**	.035	.126*	.076	.087	.019	.158**	-.228**
High general job satisfaction_3	.043	.009	.029	.087	.030	.036	.061	.198**	.030	.037	.049	.024	.075	.222**	.022	.292**	.108*	.020	.159**	.011	1	.477**	.191**	.031	.018	.082	.015	.012	.021	.118*
Experienced meaningfulness of the work_2	.084	.036	.046	.099*	.035	.043	.080	.210**	.071	.136**	.028	.148**	.071	.034	.067	.480**	.159**	.049	.242**	.099*	1	.477**	.024	.164**	.017	.150**	.031	.016	.020	.156**
Experienced responsibility for outcomes of the work_2	.000	-.076	.050	.120*	.024	.003	.051	.050	.100*	.109*	.122*	.209**	.053	.272**	.158**	.027	.148**	.095	.175**	.337**	.191**	.024	1	.124*	.161**	.044	.045	.062	.044	.113*
Growth Prospects	.046	-.053	.009	.008	.048	.051	.004	.007	.025	.031	.018	.009	.060	.007	.050	-.005	.131**	.115*	.085	.035	-.031	.164**	.124*	1	.146**	.091	.268**	.193**	.196**	-.068
Work/Life	.084	.016	.013	.066	.083	.078	.027	.022	.000	.015	.083	.049	.076	.065	.008	.066	.024	.173**	.108*	.126*	.018	.017	.161**	.146**	1	.030	.310**	.367**	.245**	-.021
Job Security	.028	.046	.092	.171**	.020	.102*	.040	.084	.085	.010	.061	.062	.127*	.153**	.066	.034	.005	.021	.092	.076	-.082	.150**	.044	.091	.030	1	.085	.038	.089	.128*
Good Working Conditions	-.080	-.021	.092	.010	.008	.050	.044	.017	.001	.007	.028	.041	.132**	.037	.072	.003	.068	.164**	.078	.087	.015	.031	.045	.268**	.310**	.085	1	.90**	.561**	-.052

Recongniti on	- .05 4	- .0 11	- .01 1	- .02 0	- .0 62	.02 0	.00 1	.06 4	- .03 3	- .06 3	- .0 68	.08 3	.10 4*	.09 9*	.09 8	.03 8	- .00 4	- .00 7	.08 2	.01 9	.01 2	.01 6	.06 2	.19 3**	.3 67**	- .03 8	.59 0**	1	.5 06**	.02 1
Company Policies	- .07 4	.0 47	- .01 4	- .02 6	.0 86	.04 8	.00 4	.08 4	.01 0	- .00 8	.1 25*	- .05 0	.01 2	.05 1	.06 5	.06 0	.07 8	.12 0*	- .00 9	.15 8**	.02 1	.02 0	.04 4	.19 6**	.2 45**	- .08 9	.56 1**	.5 06**	1	.13 3**
Teamwork	- .01 9	.0 06	- .13 2**	.00 1	.0 61	.04 3	.06 8	.00 0	- .03 0	- .03 4	.0 74	.16 1**	.05 3	.31 0**	.17 6**	.00 7	- .09 5	- .05 2	- .10 9*	- .22 8**	.11 8*	.15 6**	.11 3*	.06 8	.0 21	.12 8*	.05 2	.0 21	.1 33**	1
Stress	.05 0	- .0 68	- .02 6	.03 2	- .0 48	- .02 5	- .08 4	- .05 3	- .00 3	- .04 4	.1 20*	.05 7	.10 0*	.00 9	.14 2**	.01 8	.04 5	.03 7	- .00 8	- .03 0	- .05 3	.00 9	- .06 5	.22 9**	- .0 01	.16 0**	.16 1**	.1 28*	- .0 78	.13 4**

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

*. Correlation is significant at the 0.05 level (2-tailed).

As per correlations analysis based on survey data, none of variables significantly between 0.5 and -0.5. This implies that variables are not strongly correlated.

Conclusion

Staff performing outsourced tasks have different values and expectations. It is important to identify the job outcomes and motivators of the staff members, in order to motivate them to perform at higher levels. The main conclusions of the research are that teamwork is the most important job outcome among staff that desire income from employment. Majority of staff come from lower income groups and their expectations of employment is different.

Once the HR strategies are operationalized (defined in measurable terms) they will direct and guide the managers. In order to secure the investment of HR and bring in high returns, management must follow a strategic HR policies in recruiting and selecting. Orientation is also important for introducing the individual to the organisation's culture. People should be made to integrate with the organisation's culture, it is then you can develop a product which can deliver the vision of the organisation.

The validity of an organisation's selection process goes to the extent to which a selection method may allow for one or more important criteria that are strategically significant such as; performance on the job and employee turnover.

Chapter 5

Conclusions and Recommendations

Introduction

This chapter contains the final research findings as well as recommendations and limitations of the study, and some important conclusions which came up during the research.

Conclusions of the Research

The decision by the Management to outsource is often made in the interest of reduce costs, reduce administration and get the competitive advantage over competitors. Therefore, by outsourcing companies can more focus on their core business.

Generally back office functions such as data capture, call center, financial services, product distribution/delivery and IT related services are very often outsourced. Organisations tend to forget the fact that it is the people who create the competitive advantage in most industries, and that outsourcing above functions can therefore affect the organisations adversely (Fernando 2007).

In today's context, there is a great trend for Business Process Outsourcing (BPO) companies who do the back office functions and other IT related services. Most of the US and European companies have a vast expansion of outsourcing their non-core business function to Asian countries like India, Sri Lanka, China, Philippines where there will be more less labor cost. But compare the other countries; Sri Lanka has the advantage where less competitive pressure to select as an Outsource designation (Milne 2007).

The BPO industry is facing one major challenge; where there is a high attrition rate (Maneetpuri 2010). In fact the average attrition rate is about 35 - 40 % in the outsource industry (Sharma 2010). Since there is high attrition, most of the BPO companies spend and waste money on recruiting and training activities (Kangaraarachchi 2010).

This study mainly focuses on job satisfaction to retain staff and performance of the outsource workforce in Sri Lanka BPO industry. This analysis to find out, what are their job outcomes and motivating factors, it is intended to retain outsource workforce.

Why employees leaving?

Doing exit interviews following some factors were identified in Indian BPO industry (Sharma 2010);

- Poor growth opportunity/promotion
- Better salary
- For higher education
- Lack of training and guidance by employer
- Policies and procedures
- No private life
- Physical tensions
- Poor relationship with peers or managers

In the Sri Lankan context, most of the IT related employees leave the country due to attractive salary packages that offer by US, Europe and Gulf countries (Verma 2009). And some employees were interested in a better work environment and health and safety factors (Daily News 2004).

In fact employee performance also important factor that will have a great effect contribution to attrition. If outsourcer will not perform well, it impacts the business.

Therefore, it is important that both parties align their performance. And there will be a great amount of accountability (Information Week 2003).

Following are some of the key human resource factors that will affect employee performance

- Incentive pay
- Recruiting and selection
- Teamwork
- Employment Security
- Flexible job assignment
- Skills training
- Communication
- Labor relations

(Ichniowski, Shaw, and & Prennushi 1997 87:294)

Most of the employees work and prove their performance for getting more increments. A recent research found that company performance management system, 85 per cent had performance-related pay and 76 per cent rated performance (Armstrong & Baron 2004).

Another important factor that contributes for well performance is communication. Outsourcing will mostly need to two way communication with teams and their understanding. Relationship with the team and team members will lead to better communication (Parker and Russell 2005).

Finding from studies indicates that (Huselid 1995, cited in Armstrong 2006) “Productivity is influenced by employee motivation; financial performance is influenced by employee skills, motivation and organizational structure”.

Employee motivation and retain them is an enormous challenge that faced by BPO companies. Companies also must sustain their performance with their innovations to take competitive advantage has become a must.

Strategies like cost leadership and innovative differentiation will lead to competitive advantage over competitors. (Gilley and Rasheed 2000). And following are some strategies that help to retain employees

- Changing view of employees from lifestyle to career;
- Dependable;
- Communication;
- Transparency in expectations;
- Give employees an alternative of rewards;
- Accumulation value (Raman 2006).

Recommendation Strategies

As per survey data, dissatisfaction of pay is the highest rank reason for the employees who want to leave the company. With compare according to the National ICT Workforce Survey 2013 and 2010 highest rank was good compensation plan. Therefore, compensation is a very important component and effective employee compensation strategies base from one fundamental norm: money alone will not retain most employees. In the old days, companies essentially paid people for their time. Today, more and more companies pay for performance in every position. To retain employees, compensation plan needs to incorporate this trend.

The performance base pay plan can be varied from the task/ job that the employee does, but they all involve two basic activities that are job and checking the performance against expectations.

When people exceed expectations, give them a bonus. It helps to lay the plan out ahead of time so that employees understand your expectations and know what they have to do to get the bonus. But make sure you base it on predefined profit goals; so that you don't pay out if the company doesn't make money. Below are compensation strategies that can be applied to retain employees (R.Raman:2006);

- Design reward systems to stimulate employee involvement.
- Discuss total employee compensation (salary, benefits, bonuses, training, etc.).
- Use flexible employee benefits to respond to a changing workforce.
- Provide childcare and/or elder care.
- Provide employee assistance programmes.
- Arrange for discounts on purchases.
- Arrange for professional services.
- Fund fitness club memberships.

It also fact that reactive compensation plans will of another organization will eye opener for employees.

New career development opportunities and advancement opportunities are the second most option that selects employees' decision to leave the current workplace. It is very important that the succession planning adopt as a good best practice. Job Rotation and Job Enrichment are commonly used strategies in the industry when dealing with career development. Where Job rotation is changing the task/job in defining intervals and employee will sense task variety. And where Job enrichment has increased the task scope and responsibilities that an employee will impression that his/her develop.

Also, another strategy can be applied, whereas increase the level of hierarchy in the corporate career ladder path (R.Raman:2006);



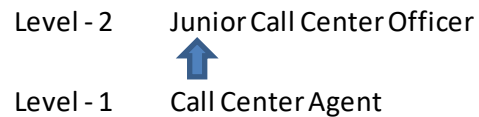


Figure 5.1 – Hierarchy of levels

A part of these kinds of opportunities, it sets apart from other employers and shows that the company truly cares about employees. It's one thing to provide training that helps them to do a better job because company benefits from it. It's another thing altogether to offer education on how employees can improve their lives. They don't expect that. It shows that company care about them as people, not just as workers who can make money for the organization.

- Other recommended employee support strategies include:
- Provide incentives for learning.
- Establish a learning culture.
- Create individual learning plans.
- Encourage people to join professional and trade associations.
- Invest in career planning.
- Operate a corporate mentoring programme.
- Take advantage of internet learning.

Type of work is ranked 4th among the employees who desired to leave the current workplace. At BPO most of task that they do is routine and while performing repetitive tasks for sometimes employees get demotivated. When employees feel they have what they need to perform, job satisfaction increases intensely. This concern can be overcome supporting employee. All employee support strategies have from three basic values:

- Employees want to excel.
- Employees need adequate resources to get the job done.
- Employees need moral and mental support from managers.

Employee support strategies start with company and managers' attitudes. Information is another key area in employee support strategies. The more information given to people

about what they are doing, what the company is about and why do things the way they do, the more valuable it becomes. Help people to understand all the degree of their jobs. Why is what they do important to the company? What are the expectations of the customer?

Other employee support strategies include:

- Give people productive work to do.
- Provide challenges.
- Remove obstacles and barriers to getting the job done.
- Adjust jobs to fit strengths, abilities and talents.
- Keep the promises that make.
- Establish effective communication systems.
- Clearly define job responsibilities and accountabilities.
- Encourage people to take initiative.
- Encourage, recognise and reward creativity and innovation.
- Avoid micro-management.
- Reduce reporting requirements.
- When possible, offer job flexibility.

As per the research survey last two reasons that express by employees who desired to leave are lack of recognition and conflict with managers. Because of lack of relationship with coworkers and management cause conflicts and poor recognition. By adopting relationship strategies companies can reduce the attrition. Employee relationship strategies have to do with how company treat people and how they treat each other. Developing effective employee relationship strategies begins with three basic steps:

- Give managers and supervisors plenty of relationship training.

Recognise that people work for their supervisor, not company. Their pay cheque may say "XYZ company", but their primary working relationship is with their supervisor. If supervisors have the knowledge, training and sensitivity to work effectively with people on an individual level, probably get the bonding need to retain employees.

- Ask employees why they work for a company.

When a company does, two things happen. One, employees reinforce to themselves why they work for a company. Two, company gain a better understanding of what attracts people to companies. Organization can then use that information to recruit new employees, saying: "Here's why people work for us. If a company values these things, perhaps company ought to work for us, too."

Once the company has the information about why people work for the company, ask: "What can we do to make things even better around here?" Do it in a positive way so that it doesn't become a gripe session, then listen closely to what employees say. Out of these conversations will come many good ideas, not only for improving conditions for employees but for all facets of business.

Some top employee relationship strategies:

- Use behavioral style assessment tools, such as Myers-Briggs or DISC, to help people better understand themselves and each other and communicate more effectively.
- Help employees to set life goals and get focused on where they want to go. Then help them to see how their goals match up with company goals and that they can achieve their goals by staying with the company. If people believe they can achieve their goals and objectives by working in your organisation, they will think twice before going somewhere else to work.
- Whenever possible, get the family involved:
 - Write a letter of commendation and send a copy to the family.
 - Write a letter to the family thanking them for supporting employee.
 - Have an open house. Invite the families for a tour to see what the spouse/parent does.
 - Hold social activities such as family picnics, holiday parties, special events.
 - Celebrate birthdays.
 - Take people out to dinner to celebrate an achievement.
 - Hold public celebrations when the company hit major milestones.

Other employee relationship strategies that impact employee retention:

- Build mentoring relationships with people to increase their emotional ties to the organisation.
- Be firm and fair. Avoid second-guessing employees.
- Celebrate longevity.
- Encourage humor in the workplace.
- Focus on building individual self-esteem.
- Stick up for people.
- Give recognition strategically and deliberately.

Ultimately, employee relationship strategies help to build a sense of family. In families, people have conflict and disagreements, but they learn how to work them out. They stick together through good times and bad and support each other's growth. Families have an "all for one and one for all" mentality. It's a lot harder to leave a family than to leave somewhere where a company just goes to work.

Recommendations

Designing jobs for teams, goals that motivate, enhancing goal acceptance, incentives for individuals (tied to performance: bonuses, commissions, piecework), incentives for groups are effective reward systems. In designing jobs for teams, the team should be an identifiable group, doing a specified piece of work, and be self-managing. Employers must respect the employee's needs for work/life balance as more and more employees have made it clear that achieving work/life balance is an overriding priority. In order to ensure that organisations retain their top talent, they should nurture and take a more holistic approach to their employees' welfare. Work arrangements being increasingly adopted at leading Corporations include: flexible hours, part-time, job-sharing and telecommuting; no longer uncommon are the sabbaticals for long-serving personnel or those pursuing special outside interests, and extended leave periods for new parents.

The fact that outsourcing is gradually eroding the basic rights and privileges of outsourced personnel cannot be disputed. It is timely for the Department of Labour to make an analytical survey of the various multinational business institutions that have outsourced its core and ancillary functions and examine how far new forms of work arrangements in outsourcing and subcontracting provide for security of employment. Outsourcing creates a whole new culture in the labour market. New laws and regulations are needed to govern the outsourcing industry.

Having regard to the dangers involved if a policy decision has been taken to outsource the core business of a company, certain precautions are required before entering into and administering these requirements. Care should be taken to ensure that instructions are given to the worker by the contractor and not directly by the employer and preventing employees of the permanent cadre.

Often there is a question as to who manage and motivate staff. The end result is low performance and low motivation levels of staff. Therefore, it is important to manage and motivate staff performing outsourced tasks to get the maximum benefits of outsourcing.

Limitations

The research study is limited to a few aspects. The study has considered only limited variables while assessing attrition, retention, and other perceived attitudes of the employees. Also measuring attitudes of respondents is quite subjective

Outsourcing exists vastly in many industries and data that handle in such organizations are owned by the offshore customer. Due to sensitivity of data, lot of restrictions on to access to the BPO/IT organizations. If all BPO/IT companies chosen for the study, then the selected sample is considered to adequately represent the population.

In BPO/IT industry, comparing staff with different companies' outsourced work is not practicable due to their different workloads and patterns of hierarchy. Staff performing outsourced tasks in data entry does not repetitive and routine work as another organization, but some organizations perform similar tasks. In the IT industry non-outsourced staff handles mostly projects and maintenance of systems.

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Annexes

Annexure 1

Variable mapping

Conceptual framework variables have mapped to below questions;

	Variables	Questions
1	Gender	What is your gender?
2	Age	What is your age group?
3	Education	What is the highest level of education you have completed?
4	Job	Which Job category you belong?
5	Experience	How many years of service at current BPO?
6	ServiceBPO?	How many years of service in all at BPOs'?
7	Sole source of income	Is current BPO job your sole source of income?
8	Family income	What is your current monthly combined family income (Rupees)?
9	Time	How much time does it take you to get to work? (Hour/Mines)
10	Shift	Do you like to work on shift basis?
11	Skill Variety_1	My job is quite simple and repetitive?
12	Task identity_1	I do a complete task from start to finish. The results of my efforts are clearly visible and identifiable.
13	Feedback_1	My supervisors or coworkers rarely give me feedback on how well I am doing the job.
14	Task significance _1	My job is one where a lot of other people can be affected by how well the work gets done.
15	Task identity_2	My job is arranged so that I do not have the chance to do an entire piece of work from beginning to end.
16	Autonomy_1	I have very little freedom in deciding how the work is to be done.
17	Skill Variety_2	I get to use a number of complex skills on this job.
18	Task significance_2	My job is not very important to the company's survival.
19	Autonomy_2	My job gives me considerable freedom in doing the work.
20	Feedback_2	My manager provides me with constant feedback about how I am doing.

21	Experienced meaningfulness of the work_1	The work I do on this job is very meaningful to me.
22	Experienced responsibility for outcomes of the work_1	I feel I should personally take then credit or blame for the results of my work.
23	Knowledge of the actual results of the work activities_1	I usually know whether or not my work is satisfactory on this job.
24	High internal work motivation_1	I feel a great sense of personal satisfaction when I perform well in the task assign to me.
25	High general job satisfaction_1	I am satisfied with this job.
26	High general job satisfaction_2	I frequently think of quitting this job.
27	Pay satisfaction	I am satisfied with the present pay.
28	Training satisfaction	My training meets my needs for my current job.
29	Knowledge of the actual results of the work activities_2	People on this job have trouble figuring out whether they are going a good or bad job
30	High internal work motivation_2	People on this job feel a great sense of personal satisfaction when they do the job well.
31	High general job satisfaction_3	People on this job often think of quitting.
32	Experienced meaningfulness of the work_2	People on this job feel that the work is useless or negligible.
33	Experienced responsibility for outcomes of the work_2	People on this job feel that whether or not the job gets done right is clearly their own responsibility.
34	Growth Prospects	I get opportunities for growth and development on this job.
35	Work/Life	I am able to balance work priorities with my personal life.
36	Job Security	I have job security in this job.
37	Good Working Conditions	Management has created an open and comfortable work environment.
38	Recongnition	I am recognised whenever I do a good job.
39	Company Policies	Our company policies and procedures for employees make sense to me.
40	Teamwork	The job itself need great amount of teamwork.
41	Stress	The demands of my job create high pressure & stress to deliver the task.
42	Continue working	I am happy to continue working with my present employer
43	Reasons	If you answered “No” to above what will be your reasons?

Annexure2

Questionnaire

1. What is your gender? *

- ☐ Male
- ☐ Female

2. What is your age group? *

- ☐ 18 -20
- ☐ 21 - 25
- ☐ 26 - 30
- ☐ 31 - 35
- ☐ 36 - 45
- ☐ 45+

3. What is the highest level of education you have completed? *

- ☐ GCE Ordinary Level
- ☐ GCE Advanced Level
- ☐ Diploma/Higher Diploma
- ☐ Professional Qualifications
- ☐ Bachelors Degree
- ☐ Masters Degree/ Ph. D
- ☐ Other

4. Which Job category you belong? *

- ☐ Operational Staff
- ☐ Junior Manager
- ☐ Manager
- ☐ Senior Executive
- ☐ Executive Manager

5. How many years of service at current BPO? *

- ☐ Less than 1 year Experience
- ☐ 1 to 3 years
- ☐ 4 to 5 years
- ☐ 6 to 8 years
- ☐ Over 8 years

6. How many years of service in all at BPOs'? *

- ☐ Less than 1 year Experience
- ☐ 1 to 3 years
- ☐ 4 to 5 years
- ☐ 6 to 8 years
- ☐ Over 8 years

7. Is current BPO job your sole source of income? *

- ☐ Yes
- ☐ No

8. What is your current monthly combined family income (Rupees)? *

- ☐ 0 - 10,000
- ☐ 10,001 - 25,000
- ☐ 25,001 - 50,000
- ☐ 50,001 - 60,000
- ☐ 60,001 +

9. How mach time does it take you to get to work? (Hour/Mines) *

10. Do you like to work on shift basis? *

- ☐ Yes
- ☐ No

11. Describe your current job.

*INSTRUCTIONS: Please read each of the following statements and indicate level of accuracy or inaccuracy of each statement according to YOUR current job.

	Very Inaccurate	Slightly Inaccurate	Uncertain	Slightly Accurate	Very Accurate
a. My job is quite simple and repetitive.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. I do a complete task from start to finish. The results of my efforts are clearly visible and identifiable.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. My supervisors or coworkers rarely give me feedback on how well I am doing the job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. My job is one where a lot of other people can be affected by how well the work gets done.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. My job is arranged so that I do not have the chance to do an entire piece of work from beginning to end.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. I have very little freedom in deciding how the work is to be done.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g. I get to use a number of complex skills on this job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h. My job is not very important to the company's survival.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i. My job gives me considerable freedom in doing the work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j. My manager provides me with constant feedback about how I am doing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. Describe your job satisfaction.

*INSTRUCTIONS: Please read each of the following statements and indicate your level of agreement or disagreement with each statement with regard to YOUR current jobs.

	Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly
a. The work I do on this job is very meaningful to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. I feel I should personally take the credit or blame for the results of my work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. I usually know whether or not my work is satisfactory on this job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. I feel a great sense of personal satisfaction when I perform well in the task assign to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. I am satisfied with this job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. I frequently think of quitting this job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g. I am satisfied with the present pay.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h. My training meets my needs for my current job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Describe your perception of how others feel.

***INSTRUCTIONS:** Please read each of the following statements and indicate your level of agreement or disagreement with each statement with regard to in YOUR colleagues at the same peer level.

	Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly
a. People on this job have trouble figuring out whether they are going a good or bad job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. People on this job feel a great sense of personal satisfaction when they do the job well.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. People on this job often think of quitting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. People on this job feel that the work is useless or negligible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. People on this job feel that whether or not the job gets done right is clearly their own responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Describe your working environment.

*INSTRUCTIONS: Please read each of the following statements and indicate your level of agreement or disagreement with each statement with regard to opportunities you have in YOUR current job.

	Disagree Strongly	Disagree Slightly	Neither Agree nor Disagree	Agree Slightly	Agree Strongly
a. I get opportunities for growth and development on this job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. I am able to balance work priorities with my personal life.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. I have job security in this job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Management has created an open and comfortable work environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. I am recognised whenever I do a good job.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Our company policies and procedures for employees make sense to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g. The job itself need great amount of teamwork.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h. The demands of my job create high pressure & stress to deliver the task.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. a. I am happy to continue working with my present employer. *

- ☐ Yes
- ☐ No

b. If you answered "No" to above what will be your reasons? *

- ☐ New career opportunity
- ☐ Dissatisfaction with pay
- ☐ Lack of recognition
- ☐ Dissatisfaction with benefits
- ☐ Working conditions
- ☐ Quality of supervision
- ☐ Self-employment
- ☐ Type of work
- ☐ Conflicts with co-workers
- ☐ Conflicts with managers
- ☐ No advancement opportunities
- ☐ Health problems
- ☐ Care for family member
- ☐ Routine work
- ☐ Required time commitments
- ☐ Work life balance issues
- ☐ Inadequate training
- ☐ Flexi time options available elsewhere
- ☐ Location preference
- ☐ Power and politics
- ☐ Other (please specify.):

Annexure 3

Interview Guide for supervisors of staff performing outsourced jobs.

Work and Work Relationships

What kind of work load you do in supervising the performance of staff that performs outsourced functions?

How frequently these methods are adopted?

What duties take most of your time?

Do you think that turnover is a big problem among staff performing outsourced tasks?
If yes; what are the reasons you see for high turnover?

In comparison with your regular staff how is the performance of staff handling outsourced functions?

Do employees performing outsourced functions share the same culture as permanent employees in the organisation? If no;
Has that affected the quality of work?

To obtain information about staff attitudes and motivation toward work:

Can you describe what measures has been taken to make outsourced tasks more appealing to perform? E.g. Social gatherings

Working Conditions

If the work load handled by staff performing outsourced tasks increases during a certain period (seasonality), what steps do you take to ensure that increased work load will not affect the staff stress levels, quality or speed of work?

To obtain more information about staff handling outsourced tasks:

Have you worked on weekends and public holidays?.....

Have you worked extra hours to earn extra income during last month?.....

How many days of leave have you taken during last six months?.....

Have you reported sick during last three months?.....