Information Technology Outsourcing and Employee Morale in the South African Banking Sector

Muhlaba Goodwill Muhlare

Student Number: 1317264

A research article submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2019

Protocol number: WBS/BA1317264/203

(March 2019)

DECLARATION

I, ______________________________, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Signed at …………………………………………………

On the …………………………….. day of ………………………… 20….

ACKNOWLEDGEMENTS

I would like to sincerely thank every single person who assisted and contributed towards my successful completing of this dissertation and my MBA. I would also like to specifically mention the following people for their individual contribution.

1. To parents, my mother Bettie Muhlare and late father Robert Muhlare. Thank you for instilling the importance of education and hard work in me from a very young age. Thank you for the continued support, encouragement and sacrifices you made to facilitate my educational aspiration.

2. To my sisters and brother. Thank you for your immeasurable support and understanding of my continued unavailability during the whole process.

3. To my supervisor, Antony Soicher. Thank you for your guidance and advice.

4. To all my research participants. Thank you for agreeing to participate and taking your time to complete the research survey.

5. Finally, I would to thank the almighty God for the continued gift of life, good health, intellect, grace and blessings, without which completing this dissertation and my MBA would have been impossible.

SUPPLEMENTARY INFORMATION

Nominated journal:	South African Journal of Information Management (SAJIM)
Supervisor / Co-author:	Antony Soicher
Word count †:	14417
Supplementary files:	Survey Questions
	Statistical Analysis

† Including abstract references, etc.

ABSTRACT

The objective of this research study was to conduct an extensive examination of the effects of IT outsourcing on IT employees' morale in the South African banking sector. The study specifically focused on a practice of outsourcing where a certain percentage of IT employees are permanently transferred from a bank to an IT vendor company. The research analyzed the effects of IT outsourcing on the morale of IT employees in five different facets, based on job satisfaction. The five facets are Fringe Benefits, Pay, Communication, Promotion and Operating conditions. These facets were specifically selected because they are at the core of employee concerns in any outsourcing process.

A quantitative research method was used, and data collection was based on a Likert scale questionnaire which specifically asked questions, based on the mentioned five facets with each facet having four questions. The collected data was converted into numeric scores and summed up to have one score total per facet for each participant. Data analysis included a combination of Descriptive Statistics and Parametric analysis.

The study revealed that IT outsourcing where some employees are permanently transferred from a bank to an IT vendor company has a level of negative effect on IT employee morale. The biggest contributor of this negative morale change was found to be lack of clear Communication, uncertainty of the new Operating Conditions and possible loss of Fringe Benefits. The study also found that morale change is similar for employees who were transferred vs retained and employees of different job levels.

The main recommendations include but are not limited to: Revise each affected employee's job specification and discuss this with them to alleviate uncertainty about new operating conditions. Change communication frameworks should be introduced and any major communication should come from a high influence position, such as the CEO or CIO. There should be fair alignment of current benefits with those of the new employer with no grace periods. There should be a proper handover of each employee to their new employer if transferred to discuss their career development and aspirations, their performance and prospects of a raise or a promotion.

Table of Contents

List of Tables

List of Figures

Chapter 1 Introduction

1.1 Background to the Research

"The history of outsourcing is deeply embedded in the history of the growth of the Modern Business Enterprise, which sprang up in the latter half of the 19th Century" (Gonzales, Dorwin, Gupta, Kalyan, & Schimler, 2014, p. 1). Initial traces of the practice of outsourcing as a business strategy are from the high-technology manufacturing sector in the 1950s. "Outsourcing, the contracting out of activities to other businesses, is not a new phenomenon. We have already seen outsourcing in, for example, the automobile or textile industry. Many people think of outsourcing in IT as a recent development. This is however not true" (Tinselboe, 2005, p. 1)

The basic principle of outsourcing is when a business decides to transfer ownership and the running of a certain business function or process from one party to another where the other is generally a specialist in that function, this then allows the business to focus on its core competencies. Similarly, "Information Technology (IT) outsourcing involves transferring assets, leases, staff, and management responsibility for delivery of services from internal IT management to third-party vendors" (Hirschheim & Lacity, 2000, p. 99). The desired advantage of outsourcing is for the business to be more competitive because it presents an opportunity to "focus on core activities, cost savings, access to experience, improving performance, and flexibility" (Tayauova, 2012, p. 190).

"The rapid growth of IT across the industries has led organizations to achieve efficiencies and effectiveness in operations, attain competitive advantages, and helped realize the much-wanted customer orientation" (Gulla & Gupta, 2012, p. 132). "Financial Services Industry such as Banking see Information Technologies (IT) as the 'jewel in the crown' because they represent state-of-the-art development and the possibility of business growth, apart from being a symbol of advance and progress" (González, Llopis, & Gascó, 2012, p. 4). However, management of IT Systems has numerous complex challenges which range from cyber security, rapid technological advances to IT adoption which all necessitate continuous upgrades and investments in information system applications and infrastructure.

The South African Banking Sector is one of the highest spenders in IT in the world. According to a report by Frost and Sullivan (2017) “In 2016, Information Communication and Technology (ICT) spend within the South African Banking sector was an estimated ZAR 15.1 billion and is expected to grow at a Compound Annual Growth Rate (CAGR) of 2.0% reaching ZAR 16.0 billion by 2019” (Frost & Sullivan, 2017).

To address these IT management and cost challenges, the Financial Services Industry as a highly competitive sector, which is dominated by large multi-national corporations that operate in South Africa and globally, has widely embraced Information technology (IT) and Information Systems (IS) outsourcing as their core business strategy.

A lot of research has been conducted on outsourcing which mainly focuses on business considerations that include the relationship and communication between the client which is the business that outsources its business functions and the vendor that provides the outsourced service. This is regarded as the core of outsourcing success, according to most literature as Dad and Iqbal (2013) state that “the success of an outsourcing lies in happiness of both client-vendor relationships” (Iqbal & Dad, 2013, p. 93).

Other research areas of outsourcing include Financial Implications, Outsourcing Conditions, Vendor Selection, Frameworks, Risks and Challenges. These factors however are mainly based on high level client-vendor agreements and contracts such as Service Level Agreements. There is very little focus on the employees who are mainly affected by the entire outsourcing process, especially in South African based research.

A gap exists in the literature to conduct research on the how outsourcing affects IT employees of the client company in terms of morale when business functions to which they belong are outsourced. IT outsourcing if not managed correctly can have potential effects on IT employee’s morale from the point when the intention to outsource is announced. It can have severe effects on both the morale of transferred and retained employees where part of the outsourcing agreement between the client and the vendor is to transfer some and retain some or all the client's IT employees to work for the vendor as the vendor's new permanent employees and continue to provide service to the client.

"Morale of an employee determines the behaviour either positively or negatively in an organization, Morale is directly related to employee motivation level and satisfaction in their job, Morale ultimately reflects in the performance of the employee and leads to employee retention" (Kandhakumar & Balasingh, 2016, p. 312).

A wide range of business problems can be deduced from the area of Human Resources research that investigates correlations between IT outsourcing and its effects on employees. This can include how IT outsourcing affects employee performance and commitment and how this has a significant influence on the success of the outsourcing process.

A deeper investigation into outsourcing failures and success can be explored which look at the morale of the employees in those outsourcing processes to see if there are correlations. The change management of the outsourcing process by both the client and the vendor can also be studied to find out what level of consideration is given to employee wellness in the process of outsourcing. All these are possible areas of research that relate to the topic currently being investigated but these are listed under delimitations.

1.2 Problem Statement and Objectives

IT outsourcing as a business change process has potential negative effects, such as low morale, on IT employees. This subsequently can lead to failure of the entire outsourcing process if it is not identified as a business problem and managed. Little research has been conducted to study this business problem in South African Banks where IT outsourcing is prevalent.

The main objectives of this research are to do an in-depth study on how IT outsourcing affects the level of employee morale (negatively or positively) of IT employees (transferred or retained) who are part the client's IT departments that are outsourced. The research only focused on IT professionals in the South African Banking Sector. The results and recommendations of this study will contribute immensely to South African Banks's IT outsourcing management engagement with employees.

1.3 Key Research Questions

This research study focuses on the following three key research questions.

i. How does IT outsourcing affect the level of morale of IT employees in the South African Banking Sector?

ii. How does IT outsourcing affect the level of morale of transferred IT employees compared to retained IT employees in the South African Banking Sector?

iii. How differently does IT outsourcing affect the level of morale between junior IT employees, middle management employees and senior management employees in the South African Banking Sector?

Chapter 2 Literature Review

2.1 Introduction

“Outsourcing has been in business literature for many years and it has been observed that firms are outsourcing to leverage production to achieve economy of scale and lower costs” (Iqbal & Dad, 2013, p. 91). Outsourcing as a business strategy mainly focuses on non-core, non-revenue generating activities such as Information Technology divisions and Business Process Functions such as Human Resources, Finance Support, Facilities and Legal departments in an overall co-operation to mention a few.

Specific to IT, Kilby (1993) as cited in Saini et al. (2014) states that “outsourcing is a contractual relationship where an external vendor takes responsibility for performing all or part of a client’s Information Technology functions. This can involve a partial or complete transfer of staff and/or resources” (Saini, David C, & David C, 2014, p. 402). The responsibility taken by the external vendor can include taking over the IT employees of the clients to now fully work for the IT vendor. This form of outsourcing practice is prevalent in a lot of organisations who want to lower their IT employee head count that is already bloated and where costs are spiralling out of control.

An outsourcing strategy in general can be riddled with many issues that affects overall success of the strategy. “The issues involved are concerned with the evaluation and performance measurement of outsourcing vendors, the development of service level agreements; the complexity of contract negotiation; the lack of controls over quality and the impact on IT personnel” (Wong, 2004, p. 3571). As stated, other than strategic business goals that are aimed at any outsourcing process, a lot of personal impact to the employees of any outsourced department have been observed but unfortunately have not really been studied in literature.

Organisations mainly focus on the organisational and financial success of outsourcing but ignore the employee impact which might have a huge impact on the overall outsourcing objective. Issues of job security, remuneration and morale are some of the consequences of outsourcing that ignores the human factor of the entire outsourcing process. It must be noted however, that the outsourcing impact on IT employees can be positive or negative which might differ from one employee to another with varied circumstances.

“In order for companies to move towards successful outsourcing, the need for managing the human resource issues effectively in outsourcing projects has become critical. It is important for managers to understand what their staff’s perceptions and issues are, so they can effectively deal with the issues“ (Wong, 2004, p. 3571).

2.2 IT Outsourcing

“In today’s competitive business environment, IT managers must identify the factors and circumstances that determine the optimal rate of IT outsourcing for their firms” (Hoon, Pingry, & Thatcher, 2009, p. 148) The specific factors and objectives of IT outsourcing differ from organisation to organisation but are mainly based on organisational strategic objectives to better optimise delivery of IT functions, save costs and focus on their core proficiencies.

IT outsourcing has been a global trend for several years and its growth has recently skyrocketed because of the new age of business digitisation and the greater penetration of Cloud Computing. “… in today’s business world, the usage of converging computer platforms and open architecture have made it possible for the firms to outsource its IT function to service providers who may be sitting in some other country far away from the firm” (Saini, David C, & David C, 2014, p. 403)

Apart from being practiced, IT outsourcing has been studied for years by scholars and a lot of literature has been written on outsourcing. “The academic literature has produced many studies that have examined various factors that drive a firm’s IT outsourcing decision. These factors include lower production costs of outsourcing vendors due to their superior production economies and technical expertise; a firm’s need to focus on its core competencies; societal and industry-level characteristics; firm-level characteristics such as financial characteristics, firm demographics, and strategic focus; and IT-level characteristics” (Hoon, Pingry, & Thatcher, 2009, p. 148).

From a business strategy perspective and in IT outsourcing where an organisation's objective is to reduce IT employee head count and cost, organisations might be in a dilemma of what and who to outsource and retain. "Companies were more likely to outsource IT activities requiring less technical skills and keep in-house activities with higher organizational skills" (Aubert & Croteau, 2005, p. 5).

It might be tempting to do so and retain high skilled personnel with the fear of losing them to the industry and other competitors, but high skilled personnel are expensive and might negate the initial costing saving objective. For organisations that lack internal skill and do not necessarily want to save costs, this approach could work. Aubert and Croteau (2005) agree that "companies with less experience in specific areas were better off relying on outsourcing for activities in these areas, because the supplier could bring the investment and expertise they lacked" (Aubert & Croteau, 2005, p. 5).

Apart from the challenges with the decision of whether to outsource or not and what to outsource or what not to outsource, IT outsourcing as a strategy has been faced and continues to face many implementation and operational challenges. "IT outsourcing has existed for a while, yet it has suffered from some limitations in the breadth of offerings, service quality, flexibility, and enabling technologies" (Saini, David C, & David C, 2014, p. 402). These challenges have resulted in a lot of IT outsourcing failures from both the client and the service provider.

From a paper by Saini et al. (2014), it is revealed that "global spending on outsourcing increased by 25 percent in 2000 alone, reaching US$1 trillion annually. However, 25 percent of all firms' functions reported an outsourcing relationship failure within the past two years" (Saini, David C, & David C, 2014, p. 405). In the same paper, more disturbing statistics on IT outsourcing challenges are published and this relates to contracts between the client and the service provider. Again Saini et al. (2014) finds that "more than half (that is, 53 percent) of all outsourcing customers said that they had renegotiated an outsourcing contract. Within nearly one-quarter of these renegotiations, the service providers lost the account" (Saini, David C, & David C, 2014, p. 405).

Many factors can be attributed to IT outsourcing failures with the most common being the relationships between the client and the service provider. In many articles, it is noted that the client's expectations and the perceived results contribute a large factor of the strained relationship with the service provider. This results from weak pre-outsourcing planning, setting high unrealistic expectations and ignoring the human factor which are IT employees who are the main implementors of the outsourcing.

Fong (2014) as cited in Saini et al. (2014) suggests three main attributors to many strained outsourcing relationships which are, "the initial approach to outsourcing is tactical rather than strategic, the scope of work is ill-defined, and the management of the contract is adversarial rather than cooperative" (Saini, David C, & David C, 2014, p. 405). Further to that, many outsourcing intentions are wrongly defined and taken without proper research and needs analysis. Organisations tend to make the entire outsourcing decision based on cost only and forget the fact that the original objectives should be strategic in nature, not merely financial.

It must also be noted that, in some instances, the client believes the entire responsibility to make IT outsourcing work is upon the service provider since the service provider is paid to do the work. Fong (2014) as cited in Saini et al. (2014) noted the same sentiments in his paper that "Outsourcing organizations also tend to hand over their responsibility and place the responsibility onto the service provider. In the worst cases, clients may consider the outsourced IT function to be no longer part of their problem" (Saini, David C, & David C, 2014, p. 405).

2.3 IT Outsourcing in Banking

The recent and continuous advancement of technological progression, innovation, Internet of Things (IOT), blockchain, cloud computing and automation has changed the way the world conducts business. The sector that has been most radically affected by the information technology developments is the banking system. "Technology has opened up new markets, new products, new services and efficient delivery channels for the banking industry. Online electronics banking, mobile banking and internet banking are just a few examples" (Dangolani, 2011, p. 13).

Technology has also created new competition for the banking sector with the emergence for FinTech companies and cryptocurrency. Banking customers have increasing expectations and demand high levels of service from their banking service providers. The instant communication and social media generation demand banking services to be as instant as social media communication where it happens anytime and anywhere. "Information technology has been the cornerstone of recent financial sector reforms aimed at increasing the speed and reliability of financial operations and of initiatives to strengthen the banking sector" (Dangolani, 2011, p. 13).

Information Technology has also played a big role in optimising the banking systems' back office and many other support operations. However, even with this transformation, in the banking sector, Information Technology functions are generally regarded as non-core, non-revenue producing activities. Information Technology is an enabler of the banking sector's core and revenue producing activities. Based on this, several banking sector's Information Technology functions get outsourced to external vendors so that banks can focus more on its core and revenue producing activities.

In addition to the above, the cost of Information Technology for banks has in recent years, been substantially increasing. South African banks alone spend a considerable amount on IT systems and related expenses such as staff costs. According to a Tech Central report by Tarrant (2016) "South Africa's big four retail and commercial banks spent in excess of R30bn on IT in the 12 months to end-June 2016, including the cost of staff involved in this function" (Tarrant, 2016).

The report further states that "Excluding the cost of people, nearly R15 out of every R100 spent on operations by the country's big banks is on IT. This includes so-called "computer expenses", professional fees, depreciation, amortisation and a category labelled "other", which is not that insignificant" (Tarrant, 2016). Including IT staff costs, this can equate to close to 20% of operating expensing attributed to IT.

Even though some of these IT expenses are necessary for growth, digitisation, systems maintenance and upgrades, the banking sector still looks for ways to reduce extensively some of these escalating costs. One of the strategies employed to achieve this is outsourcing some IT functions, including their respective IT staff.

2.4 IT Outsourcing and Impact on IT employees

One of the most common forms of IT outsourcing is when, as part of the outsourcing agreement, partial or complete transfer of employees to the external vendor occurs, where the vendor will be their new employer, but the transferred employees continue to provide their services to their original employer at the initial stage. As stated in Ang and Slaughter (2001), The external vendor as the new employer is now responsible for the management and supervision of these transferred employees, including compensating them and assigning them to specific clients.

In this form of IT outsourcing, as with outsourcing in general, very little consideration tends to be given on how employees who are being outsourced to work for an external vendor are affected. Kiely (1992) agrees as he states that "CIOs or other executives involved in the outsourcing decision will naturally be torn between what is best for the organization and what is best for the information system professionals" (Kiely, 1992, p. 34).

The South African labour law protects employees in this regard. Section 197 of the Labour Relations Act No. 66 of 1995 (LRA) titled "Transfer of contract of employment" which is under Chapter 8: Unfair dismissal and unfair labour practice, stipulates all the fair labour practices that must be followed when this form of outsourcing agreement is entered to between two companies. Subsection (2)(a) clearly states that "The new employer complies with subsection (2) if that employer employs transferred employees on terms and conditions that are on the whole not less favorable to the employees than those on which they were employed by the old employer" (Labour Relations Act No. 66 of 1995).

However, there are many other concerns that can arise for employees during IT outsourcing that are not covered by the South African labour law, most notedly, the mere fact that IT employees are being transferred to another organisation forcefully, without their consent. A study by Newman, Thanacoody, and Hui (2005) found that IT employees in an outsourcing process "did not perceive their welfare was a key to IT management as it made outsourcing decisions. Management routinely did not seek input from employees to assess the impact the impending deal had on employees" (Sarmento, 2005, p. 159).

Another study by Ho, Ang, and Straub (2003) found similar concerns that "IT outsourcing strategies unfortunately are more concerned about the contract between the client organization and the vendor organization which plays a more important role and the terms are typically more specific, explicit, and circumscribed than in an employment contract between an organization and employees" (Ho, Ang, & Straub, 2003, p. 68).

The outsourcing process changes and disrupts career plans for employees if the alignment of their careers were planned with the original company in mind. South African banks employ a wide range of professions from different fields of work, which include Law and Compliance, Engineering, Finance and Investments, Accounting, Economics and Markets Trading, to name a few. IT employees in banks generally get exposed to these business units which might spark other career interests. This exposure can start a career transition that the bank can facilitate, hence for some IT employees to be outsourced to a company that only specialises in IT might be a career limiting move and they might feel their jobs are going to be affected.

In most cases in this form of outsourcing, the vendor company already has employees doing the same job as the employees who are being transferred to now work in the vendor company. Conflict and concern arise when two teams/departments are joined which results in a duplication of roles, especially for team leaders, managers and senior managers. "It is natural for in-house IT departments, including the IT management, to resist outsourcing. Not only do they give control of the function to an outside entity, but their jobs are also at risk" (Khosrowpour, Subramanian, Gunderman, & Saber, 1996, p. 87).

An employee who had prospects of being promoted to a senior role might not have those chances anymore. Outsourcing also tends to strip senior managers who get outsourced of some power and influence they had in their original company, the organisational influence you have on a company you work for is not the same when you not employed by that company anymore and this can have dire consequences. Ho et al. (2003) reiterate this as they state in their research that “After outsourcing, managers no longer possess the legitimate power previously accorded them as a function of their position in the formal organizational hierarchy. Consequently, conflicts concerning the responsibilities of contractors can (and do) arise between the two parties, which may prove difficult to resolve and, in the worst case, contribute to failure of the outsourcing arrangement” (Ho, Ang, & Straub, 2003, p. 67).

Being outsourced to a new company might also mean a change in the location of work, company culture, employment benefits, bonus compensation system, preferred medical aid and many others. The culture and company employee benefits of banks compared to an IT vendor are significantly different. If employees joined a bank based on one or more of these, then being transferred to an IT vendor company would be a great concern that might have severe effects on their morale, might increase stress, reduce productivity and commitment to both the bank and the IT vendor company that the employee still provides services to.

A study by Robinson (2016) which did research on employees who have just been outsourced found similar concerns. In his study, Robinson (2016) found that in many instances “the participant experienced stress due to the fear of job loss or reduction of work responsibilities. For others, the potential impact of major organizational changes caused a great deal of stress” (Robinson, 2016, p. 125). Great attention and focus should be given to employees’ concerns in the outsourcing process. “If outsourcing is implemented, the resistance of the employees must be overcome because their cooperation is essential for a successful transition” Large (1991) as cited in Khosrowpour et al. (1996, p. 88).

Employees whose sole interest has always been to work for a technology company that specialises in only technology might find being outsourced as a better career move than other employees might view it. Khosrowpour, Subramanian, Gunderman and Saber (1996) agree; in their study they found that “other employees have different reactions to outsourcing.

Many find the new work environment to be stimulating and challenging. The opportunity to work for a company that specializes in one's line of expertise presents new possibilities" (Khosrowpour, Subramanian, Gunderman, & Saber, 1996, p. 89).

Other studies came to the same conclusion as this, one study by Huber (1995) goes even deeper by stating that "The bank's former employees now working for IT vendor companies have greatly widened their career opportunities by switching from what was essentially a glorified mailroom (important but not central to the bank's business) to a real technology company" (Huber, 1995). This affirms that career paths are enlarged significantly for IT employees moving from non-IT company to an IT vendor (Huber, 1995).

There is also this notion that IT employees will never really be CEOs of companies that are not IT companies, in this case IT employees stand no chance to being CEOs of a bank one day. The highest possible position an IT employee can be on a bank is being a Chief Information Office (CIO) or a Chief Technology Officer (CTO) and these are very high executive positions in banking. South African banks have multiple CIOs that focus on different areas and functions of IT. Because of this, the notion that IT employee do not have opportunities for high positions in banking is not always true.

The outsourcing process is a change process and for outsourcing to have fewer negative effects on employees, proper change management should be at its utmost best. Change that is not handled properly in this regard will further fuel anxieties of employees which then will lead to low staff morale, increased stress, change in attitude and low productivity. "A study on the stress caused by outsourcing also found that the common stressor among the participants was the feeling that the changes were not handled properly" (Robinson, 2016, p. 125).

IT outsourcing and change in general has the same effects to employees. It needs to be handled properly to dispel misconceptions and the communication from the outsourcing intention to post outsourcing must be correctly executed. "Literature on attitude change suggests that people's attitudes, including expectations, are changed more effectively when they receive advance notice of the change, when the message promoting attitude change is repeated, when the source of the message has power over the recipients, is credible, and is trusted by them, and when the message comes from multiple sources" (Ho, Ang, & Straub, 2003, p. 81).

The entire outsourcing process must be communicated to the effected employees from the initial plan to outsource even before the decision has not been or finalised. Hirschheim, Heinzl and Dibbern (2007) state that "expectations can be effectively changed and managed if the outsourcing organization provides the managers with early notice of the outsourcing arrangement, updates them regularly with details of the new arrangement and how their expectations should in turn be changed, and reiterates these messages frequently. In addition, the organization should disseminate such messages via sources with formal power and authority in the organization, such as the CEO and CIO, and through other incumbents who occupy vital positions in the informal organizational networks as well, such as the trust and advice networks" (Hirschheim, Heinzl, & Dibbern, 2007, p. 467)

2.5 Employee Morale

In his journal article, "The Importance of Morale", Arthur Upham Pope (1941) states that "Morale wins wars, solves crises, is an indispensable condition of a vigorous national life and equally essential to the maximum achievement of the individual" (Pope, 1941, p. 195). This statement is even more true and relevant today than it was in war time. In today's organisations, the morale of the employees plays a high contributing factor to the organisation's success and the strategy they might implement, such as outsourcing.

Morale stands at the core of people's determination. As state by Makawatsakul and Kleiner (2003), "Low morale also tends to spill over to other areas and activities in the corporation. Motivation generally is affected. Productivity tends to suffer, and an overall climate of discontent takes over in the corporation" (Makawatsakul & Kleiner, 2003, p. 54). The level of morale is directly proportional to work commitment because once morale goes employee small pains become exaggerated, less effort is made to fight them, and job satisfaction ultimately suffers. Decrease in morale due to job characteristics have directly been connected to an increased effect on absenteeism and ill-health, which can directly be correlated to a decrease in job productivity. “Employees’ commitment to the organization will not waver as long as they can perceive that they are valuable company asset and not articles of trade that are dispensed with at will” (Taylor, 2012, p. 34).

This reinforces the belief that morale has a direct impact on the productivity of employees. In an outsourcing process where morale can have a big impact on the intended results of the outsourcing strategy, commitment from the affected employees to be productive and assist in proper implementation of the outsourcing strategy will be very low if the morale is low. The effects of low morale also have a huge impact of employee commitment to organisations. “IT professionals may view the consideration of outsourcing as an underestimation of their abilities or lack of confidence. This can be demoralizing to a staff and contribute to a mass exodus of talent before the outsourcing decision has even been made” Barthelemy and Geyer (2004) as cited in (Sohail, 2012, p. 5).

Employees who have lost trust in the outsourcing process and are not comfortable with the transfer or who only want to work for banks will start looking for alternative employment. This was observed by Child and Rodrigues (2005) as cited in Saavedra (2014) who find a link between morale and commitment to an organisation. “Morale is easily hurt and once the initial decreases in morale have started taking effect, employee openness to other jobs can start. Experiencing decreases in morale, employees trust has most likely been damaged and they are open to new possibilities and chances also outside of the firm” (Saavedra, 2014, p. 19). In another study on organizational commitment, Dordevic (2004) as cited in Theron and Dodd (2011) states that “Various factors can lead to decreased organizational commitment. These include job insecurity, decreased trust, job redesign and increased stress” (Theron & Dodd, 2011, p. 336). All these factors are closely linked to outsourcing.

Several other international studies have researched the link between morale, job satisfaction, employee attitudes and IT outsourcing and outsourcing in general, with compelling results. A study by Kessler, Coyle-Shapiro and Purcell (1999) as cited in Louis (2003) which observed at non-IT employees and their involvement in outsourcing revealed that there is little research on the perspectives of employees on outsourcing and “sought to identify potential impacts these perspectives had on outsourcing success” (Louis, 2003, p. 388).

“The study was done by measuring work attitudes focusing on organisational commitment, job satisfaction, and HR practices including rewards, career development, training, communication and involvement” (Louis, 2003, p. 388). The assessment tried to associate consequences of outsourcing to variations in employees’ analysis of HR practices and if initial employee hopes were met. The results revealed that “to the extent there was change to important attitudinal outcomes following outsourcing” (Louis, 2003, p. 388).

Research study by Worrall and Cooper (1999) that investigated the effects of corporate restructuring, including outsourcing, found that they had a bad effect on employee morale, motivation, commitment and job security. This study surveyed senior and junior managers in organisations with the assistance of the organisation’s CEOs. Each managerial level differed in their view of the other impacts of outsourcing but were all in agreement with the fact that job security levels decreased.

Employee morale and uncertainty for employee’s futures was also observed in a study by Due’ (1992) as cited in Louis (2003) interviewed IT employees involved in outsourcing and discovered numerous grave concerns. “The most significant were the outsourcing process had negative effects on employee morale and presented uncertainty for employee’s futures. These were fueled by rumors of lay-offs, benefits loss or reduction, transfers, and migrations to new or different technologies. When management did not address these rumors, low productivity and personnel exodus resulted” (Louis, 2003, p. 387).

Another study by Khosrowpour et al. (1995) as cited in Louis (2003) observed outsourcing difficulties from both an organisational and personnel awareness. This study looked at any problem of personnel that could be attributed to outsourcing. “It revealed that personnel problems related with outsourcing are frequently reflected in employee perceptions and actions. “They contended it was important for managers to understand these perceptions, so they could deal effectively with problems arising as outsourcing evaluation or transition progressed” (Louis, 2003, p. 387).

“Major backlashes are bound to occur if employee morale is not well nurtured. Of importance should be prior to the outsourcing movement to keep your employees informed and being honest and transparent. Also, to make the outsourcing decision become truly a success, an organization should put some good thought with regard to choosing the best fit as to make the switch as seamless as possible for the employees” (Saavedra, 2014, p. 20).

2.6 Morale and Job Satisfaction

“Job satisfaction is a set of favourable or unfavourable feelings and emotions with which employees view their works. It refers to a collection of attitudes that workers have about their job” (Mahmood, Nudrat, Asdaque, Nawaz, & Haider, 2011, p. 203) . Employees have a level of job satisfaction based on several factors that influence their relationship with their employer and their workplace. Job satisfaction levels can be high or low at any given point due to an event or prolonged due to an ongoing process.

Several key factors that influence job satisfaction have been identified through research studies. Hong, Hamid and Salleh (2013) finds that “Overall job satisfaction is slightly related to job security” (Hong, Hamid, & Salleh, 2013, p. 31) Another study by Gurusamy & Mahendran (2013) as cited in Neog and Barua (2014) suggests that “Salary occupy the First Rank for determining job satisfaction compared with other major determinants” (Neog & Barua, 2014, p. 308). In relation to People Management as a Job satisfaction factor, Parvin and Kabi (2011) state that “Motivated employees then develop loyalty or commitment to the firm resulting to greater productivity and lower turnover rates” (Parvin & Kabir, 2011, p. 114).

These are but a few factors that influence Job satisfaction. Many other factors like Working Conditions, Flexibility to Work/Life Balance, Relationship with the Co-workers and Promotions have a level of effect to how an employee is satisfied with their job. The influence of this factors to overall Job satisfaction cannot be understated because Job satisfaction of employees has great impact on the overall performance of an organizations. “An employee will get inclined towards the growth and accomplishment of the organization only if he is satisfied with his work as well as with the organization” (Kapur, 2018, p. 1).

In addition to the above, Grover and Wahee (2013) as cited in Kapur (2018) state that "Job satisfaction benefits the organization in numerous ways. It results in the decline in complaints and grievances, absenteeism, turnover, and termination; it improves punctuality and employee morale. It is also a good sign of longevity; the individuals who are satisfied with their jobs, remain within the workplace for a long period of time" (Kapur, 2018, p. 2).

The distinguishing factors and relationship between Job satisfaction and Morale have been debated for years. A more precise explanation of this mostly confused relationship is by Rauf, Muhammad, Zafar and Mushtaq (2018) which states that "Although they are often used interchangeably, morale and job satisfaction are not the same thing. Both are states of mind, but satisfaction is a response to a situation whereas morale is anticipatory. Morale is a state of mind which is determined by reference to anticipated future events" (Rauf, Muhammad, Zafar, & Mushtaq , 2018, p. 74).

The difference in morale and job satisfaction is merely that job satisfaction is present-oriented, while morale is future-oriented, but both are a state of mind. In addition, numerous research studies found that morale and job satisfaction levels correlate, meaning employees who have a low job satisfaction, also have low morale. And this is true for the opposite.

A study by Lülecii and Adil (2018) that looked at "The Relationship between Morale and Job Satisfaction of Teachers in Elementary and Secondary School" and it revealed "that there was a high level, positive correlation between the morale and job satisfaction levels of teachers". "When job satisfaction level is high, morale level will also be high. Similarly, the higher the morale level, the higher the job satisfaction level. It can be said that the increment of teacher performance and the development of teaching quality in schools are related to the increase in teachers' morale or job satisfaction" (Lülecii & Adil, 2018).

Another study that investigated the "Relationship between Morale and Job Satisfaction of SS Teaching in Higher Secondary Schools of KPK" concluded the same "that morale and job satisfaction of Subject Specialists are significantly correlated with each other. The results confirm the conclusions that an increased job satisfaction leads to high morale. Furthermore, that a higher morale is associated with a higher job satisfaction of Subject Specialists and vice versa" (Rauf, Muhammad, Zafar, & Mushtaq , 2018, p. 79).

The evidence of a directly proportional relationship between morale and job stratification are collaborated by numerus research findings, these findings conclude that morale can be measured using job satisfaction and the opposite is also true.

2.7 Conclusion

The literature review looked at IT outsourcing as an industry strategic principle that is now widely used. It touched on its benefits and documented challenges. From a banking perspective, IT outsourcing was again explored and how banks with ever-increasing cost base use IT outsourcing a cost cutting strategy. Of specific relation to this study, this literature review detailed the extent of the impacts (negative and positive) IT outsourcing has on IT employees and how these cascades to the effect on morale. Finally, a link between Morale and Job Satisfaction was established with multiple research findings revealing positively correlating of the two.

Chapter 3 Research Methodology

3.1 Research Method

The research questions set the tone of how the Research Methodology would be undertaken and the findings from the literature review completed the full picture of methodology to be used. The Research Methodology that this study used is the Quantitative Method. The reason for using this method is because "Quantitative research creates meaning through objectivity uncovered in the collected data" (Williams, 2007, p. 66).

3.2 Data Collection

Data was collected using an Online Survey questionnaire. See Appendix A: **Online Survey questionnaire**. Survey questions based on the research questions were developed using the 6-point Likert-Scales format which are useful in psychology, social science and attitude research projects (Croasmun & Ostrom, 2011, p. 19). Developed by Dr. Rensis Likert, Likert-Scales are a set of statements (items) offered for a real or hypothetical situation under study. "All the statements in combination reveal the specific dimension of the attitude towards the issue, hence, necessarily inter-linked with each other" (Joshi, Kale, Chandel, & Pal, 2015, p. 387). It collects Ordinal Data responses from the response formats below.

1 = Strongly disagree	**2 = Disagree**	**3 = Slightly Disagree**	**4 = Slightly Agree**	**5 = Agree**	**6 = Strongly agree**

The main research questions to study morale were based on the Job Satisfaction Survey (JSS) developed by Paul E. Spector. This is a 36 item, nine facet scale, based on the Likert-Scales format to assess employee attitudes about their job and aspects of the job where the results are transferred into measurement of morale. It was also discovered from the literature review that Job Satisfaction and Morale positively correlate and are directly proportional. A measurement of Job Satisfaction directly gives an almost accurate reflection of morale.

Each facet is assessed with four question items, and a total score is computed from all items. The four items were research questions relating to that specific facet. "Although the JSS was originally developed for use in human service organisations, it is applicable to all organizations" (Spector, 2001).

This Job Satisfaction Survey (JSS) in this regard, was revised to make sure if focused on aspects that related only the operating environment of IT in the South African Banking Sector. This resulted in only five facets of the nine being included to the final survey which are Pay, Promotion, Fringe Benefits, Operating Procedures and Communication. This related closely to what has been discovered in the literature review about concerns of employees in the outsourcing process that subsequently lead to changes in employee morale. Table 3 gives a description of each facet.

Table 3. 1: *The Job Satisfaction Survey (JSS) facet and description*

Facet	Description
Pay	Pay and remuneration
Promotion	Promotion opportunities
Fringe Benefits	Monetary and nonmonetary fringe benefits
Operating Procedures	Operating policies and procedures, culture
Communication	Communication within the organization

A second set of questions were asked at the end of the questionnaire to get a reflection of how each person perceived working for a bank compare to working for an IT vendor company. This were four questions, also Likert-Scales type, but in a 5-point format. The five answer options were:

5 = Strongly disagree	**4 = Disagree**	**3 = Neutral**	**2 = Agree**	**1 = Strongly agree**

3.3 Population, Sample and Sample Size

The sample size was determined by the number of independent variables in the study. In this study, there are two different hypothesis tests, one of these has two independent variables while the second initially had three independent variables. However, only two variables were collected from the data for the second hypothesis test. For a sample size, it is then acceptable to have a sample of 25 to 30 respondents for each independent variable. In this case, two independent variables from both hypothesis tests by 25, resulted in a minimum sample size of 50 respondents.

The survey targeted a population of IT professionals who work or have worked in South African banks and IT vendor companies. The exact population size is unknown but in estimation it is not significantly large. These IT professionals were of different position levels in their organizations, which are general staff or junior managers. The IT professionals had to meet the following criteria:

- ***Work or have worked in South African banks as IT employees and were involved in the outsourcing process where some employees were transferred from a South African bank to an IT vendor company.***

- ***Works or have worked in IT vendor companies as IT employees and were involved in the outsourcing process where some employees were transferred from a South African bank to an IT vendor company.***

The sample was strictly selected based on these criteria using the Convenience sampling method. "Convenience sampling (also known as Haphazard Sampling or Accidental Sampling) is a type of nonprobability or non-random sampling where members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the Study" (Etikan, Musa, & Alkassim, 2016, p. 2).

This criterion was also queried and enforced in the introductory questions of the survey to make sure anyone who did not fit the criteria, did not completed the survey.

3.4 Analysis

Marshall and Rossman (1999) describe data analysis as the process of bringing order, structure and meaning to the mass of collected data. To achieve this in this study, the data was analyzed in three ways to get the full examination of the data collected.

3.3.1 Descriptive Statistics

Firstly, descriptive statistics analysis techniques were used to give a summarised view of the data set collected. From the data collected on each research question, Central Tendency was determined by using both the mode and the median. The mode gave a view of how many respondents answered the same way to each research question. The median gave a view of where all the respondents are leaning on in each question, in other words are they respondents who rated each question positively, neutrally or negatively. Variability was measure using the Standard Deviation. The primary descriptive results answered the first research question that sought to find out whether IT outsourcing, where some employees are permanently transferred from a bank to an IT vendor company had any effect on IT employee morale. In addition to that, these primary descriptive results showed which of the five facets of employee morale were impacted the most.

3.3.2 two-sample t-Test: Transferred v/s Retained IT employees

From the literature review, it was discovered that morale effect might be difference between IT employees that are transferred and those that were not outsourced and remained working for a bank. To officially test this, a two-sample t-Test was used. “The t distribution is a probability distribution similar to the Normal distribution. It is commonly used to test hypotheses involving numerical data” (Ugoni & Walker, 1995, p. 37). The two independent groups in this case were the IT transferred employees during outsourcing and the IT retained employees in banks. A Null and Alternative Hypothesis was set as follows:

H0: ***IT outsourcing in the South African Banking Sector affects the morale of IT employees. This effect does not differ between transferred and retained IT employees.***

H1: ***IT outsourcing in the South African Banking Sector affects the morale of IT employees. This effect differs between transferred and retained IT employees.***

3.3.3 two-sample t-Test: Job Levels

Again, from the literature review, it was discovered that the morale effect of IT outsourcing might be different between IT employees of different job levels (junior, middle managers and senior management). Again, to officially test this, a two-sample t-Test was used. A Null and Alternative Hypothesis were also set as follows:

H0: ***IT outsourcing in the South African Banking Sector affects the morale of IT employees. This effect does not differ between all General Staff and Junior Managers IT employees.***

H1: ***IT outsourcing in the South African Banking Sector affects the morale of IT employees. This effect differs between all General Staff and Junior Managers IT employees.***

3.3.4 Limitations

Honesty:
There was an unfortunate chance that some respondents were not honest and might have completed the survey for the sake of completing. This would affect the true meaning of the results.

Ordinal data Mean and Median:
The calculation of means from unconverted Likert scale ordinal data might not give a true reflection of general perceptions.

Chapter 4 Research Findings and Discussion

4.1 Introduction

The data of the survey was collected using an online survey questionnaire which was sent to a predetermined sample list of IT professionals who work or once worked for South African banks or IT vendor companies and were previously impacted by an IT outsourcing decision that was taken to outsource and permanently transfer some employees from a bank to an IT vendor company. The predetermined sample size based on Convenience sampling was 75 and out of this, 49 responded which gives the survey a response rate of 65,3%.

For confidentiality reasons, the questionnaire did not ask which South Africa bank or IT vendor companies the respondents work at or worked for, meaning from the data collected, there is no way to tell that these responses are from an IT professional who works for which bank or IT vendor company.

The online survey questionnaire consisted of four sets of questions. The first was a single question asking where the respondents have ever been outsourced from a bank to an IT company. This was to initially determine which of the respondents are the Transferred or Retained in the outsourcing exercise. This is imperative for the second research question which sought to find out if the two (Transferred or Retained) differ in morale change due to outsourcing. The second set was two Biographical Questions which asked for the respondents' Gender and Job Level.

The third set of the questions were the main research questions that were divided into five facets where each of the five facets are based on these themes, Pay, Promotion, Fringe Benefits, Operating Procedures and Communication. The last is a set of four questions that asked an overall view of each respondent's perception of working for a Bank compared to an IT vendor company.

4.2 Biographical Information

Out of the 49 responses from the survey, 47 completed the survey and 2 did not. From this number of 47 who completed the survey, 10 were females and 37 males. This is consistent with IT industry employment dynamics which are mostly dominated by males.

Survey Completion	N	%
Completed	47	95,92%
Incomplete	2	4,08%
TOTAL	49	100%

Table 4. 1: *Survey Completion*

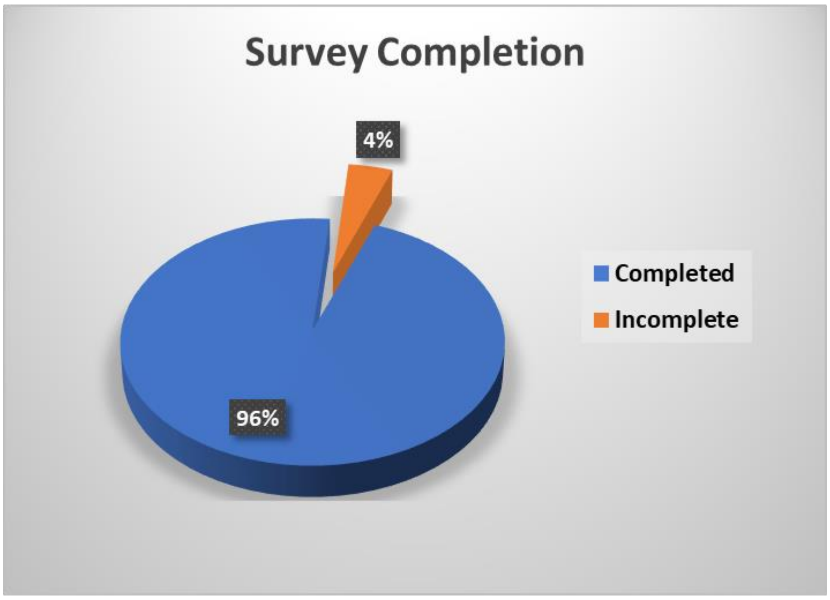


Figure 4. 1: *Survey Completion*

Gender	N	%
Male	37	78,72%
Female	10	21,28%
TOTAL	47	100%

Table 4. 2: *Gender*

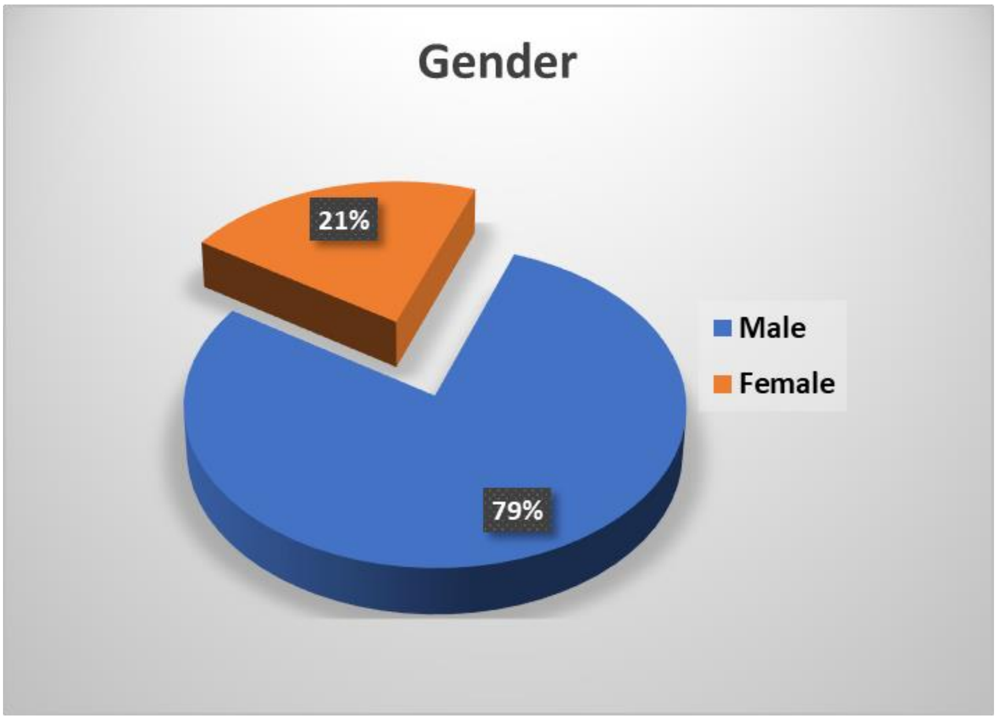


Figure 4. 2: *Gender*

One of the research questions is whether the morale change differs according to job level of the IT employees when outsourcing was being exercised. The intention was to statistically compare the responses of IT employees in three job grade level i.e. General Staff, Junior Manager and Senior Manager.

However, from the biographical information gathered from the responses, only General Staff and Junior Managers constitute the entire list of respondents. 28 of the respondents were General Staff and 19 were Junior Managers when the outsourcing was being exercised.

Job Level	N	%
Junior Manager	19	40,43%
General Staff	28	59,57%
TOTAL	47	100%

Table 4. 3: *Job Level*

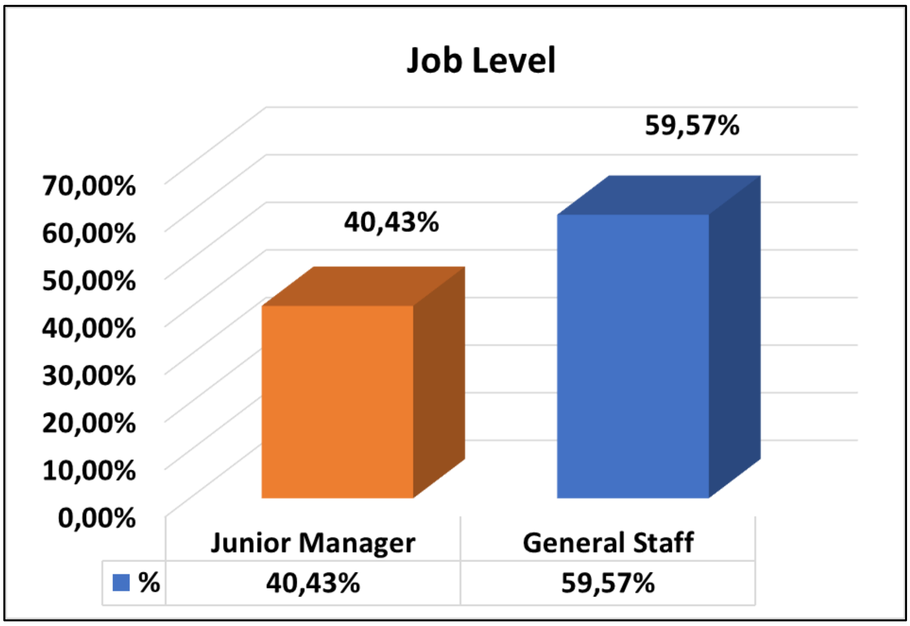


Figure 4. 3: *Job Level*

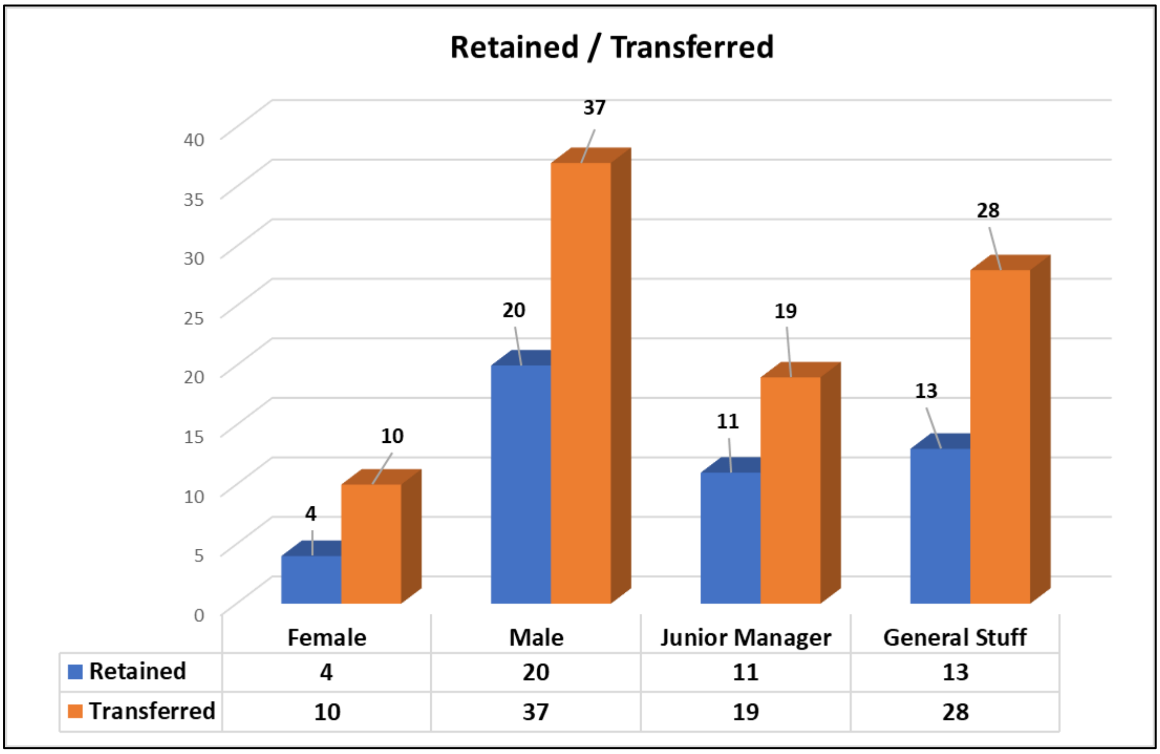


Figure 4. 4: *Overall Retained and Transferred statistics.*

Biographical Data show that retained employees are four females, 20 males, 11 are Junior Managers and 13 are General Staff. Transferred employees are 10 females, 37 males, 19 are Junior Managers and 28 are General Staff.

4.3 Detailed Descriptive Results

4.3.1 Reliability Job Satisfaction Survey (JSS)

The Job Satisfaction Survey (JSS) used as the basis of this survey to gather data has an overall internal consistency reliability of 0.91 based on a sample of 2,870 which is the coefficient alpha (Spector, 2001). The specific facets of the Survey used for this study have internal consistency reliabilities specified below:

Facet	Alpha	Description
Pay	0.75	Pay and remuneration
Promotion	0.73	Promotion opportunities
Fringe Benefits	0.73	Monetary and nonmonetary fringe benefits
Operating Procedures	0.62	Operating policies and procedures, culture
Communication	0.72	Communication within the organization

Table 4. 4: *The Job Satisfaction Survey (JSS) coefficient alpha*

For the data collected for this research survey the calculated overall Cronbach Coefficient Alpha is 0.65. This Internal consistency reliability alpha is considered statistically reliable and acceptable for a survey. "Commonly used references of various degrees of reliability are 0.50 (poor); 5/7 = 0.714 (acceptable); 0.80 (good); and 0.90 (excellent)" (Headrick & Sheng, 2013, p. 63).

To further strengthen the reliability and consistency of the data, the questions of the survey were made simple and unambiguous. The survey was designed to alert respondents if there were incomplete answers before moving to the next question. Some questions were formulated to be similar but have positive and negative worded formats to check where respondents read the questions properly rather than just answering randomly.

Mostly importantly, because the research aims to understand morale change at a particular period, in this case the outsourcing period. Each question specifically specified that the answerers must be based on their experiences during the outsourcing period.

4.3.2 Data Preparation

Likert Scale responses were pre-analysed and prepared for Descriptive Statistics Analysis as shown below:

- Each response type was given a score as specified below.

6 = Strongly disagree	**5 = Disagree**	**4 = Slightly Disagree**	**3 = Slightly Agree**	**2 = Agree**	**1 = Strongly agree**

- All negative worded questions were Reverse scored as below. The survey contains 11 out of 25 negative worded questions. This is true for Likert scale, "For statements unfavourable to the construct – negatively worded statements – the numerical values for the response options are reversed when the summated score for the construct is calculated" (Warmbrod, 2014, p. 31).

1 = Strongly disagree	**2 = Disagree**	**3 = Slightly Disagree**	**4 = Slightly Agree**	**5 = Agree**	**6 = Strongly agree**

- Each respondent's score for each of the four questions in each Facet were summed up to give an overall composite score per Facet. The scores for all five Facets were also summed up to give an overall score per respondent. "A principle basic to Likert scale measurement methodology is that scores yielded by a Likert scale are composite (summated) scores derived from an individual's responses to the multiple items on the scale" (Warmbrod, 2014, p. 31). The composite scores for each respondent in each Facet and the total score for all Facets were then used as interval data for the analysis for both Descriptive Statistics and Hypothesis testing.

The interpretation of scores is determined by the ranges shown in the table below. A **Satisfied Score** mean the respondent was Satisfied with the Outsourcing process and increased their Morale positively. An **Ambivalent Score** means mixed feelings and no change in Morale. A **Dissatisfied Score** means negatively affected and decrease in Morale.

Score Range	**Scores per Question Facet**	**Scores for all Facet**
Dissatisfied	(16 to 24)	(80 to 120)
Ambivalent	(12 to 16)	(60 to 80)
Satisfied	(4 to 12)	(20 to 60)

Table 4. 5: *Satisfaction Score Ranges*

4.3.3 Descriptive Statistics Analysis

Both the scores per Question Facet and the overall total scores for all Facets were checked and confirmed to have been Normally Distributed. This was done by checking the Kurtosis and Skewness of each that verified that they were between -2 and +2. See Table 4.7 **The Measures of Dispersion**, which shows the Kurtosis and Skewness**.** Further determination to suggest normally distributed data is the closeness in similarity of the Means and the Medians. See Table 4.6 **Central Tendency**.

4.3.3.1 Mean, Mode and Standard Deviation

For each facet of questions, the means are as follows Fringe Benefits (15,34), Pay (14,38), Communication (15,06), Promotion (14,06) and Operating Conditions (15,48). For the summed-up total scores of all facets, the mean is 74,34. Each has a low Standard Deviation that shows the scores are close to their means. See Table 4.6 **Central Tendency**. This is also indicated by the Coefficient of Variation which all are less than 1 which means Low Variation. See Table 4.7 **Measures of Dispersion.**

Central Tendency	Fringe Benefits	Pay	Communication	Promotion	Operating Conditions	TOTAL
Mean	15,34	14,38	15,06	14,06	15,49	74,34
Median	14	14	16	14	16	76
Mode	14	15	18	13	17	72

Table 4. 6: *Central Tendency*

Measures of Dispersion	Fringe Benefits	Pay	Communication	Promotion	Operating Conditions	TOTAL
Variance	12,53	11,89	19,23	16,41	7,39	141,10
Standard Deviation	3,54	3,45	4,39	4,05	2,72	11,88
Coefficient of Variation	0,23	0,24	0,29	0,29	0,18	0,16
Kurtosis	0,48	0,86	-0,71	-0,34	-0,49	-0,09
Skewness	-0,15	-0,39	-0,43	0,40	-0,44	-0,28

Table 4. 7: *Measures of Dispersion*

The mean scores fall under the Ambivalent range for both per question facet scores and summed up total scores of all facets. From the mode interpretation which shows the most occurring scores, Communication (18) and Operating Conditions (17) have most scores in the Dissatisfied range. The rest which are Fringe Benefits (14), Pay (15) and Promotion (13) have the most scores in the Ambivalent range. The Satisfied range had the lowest number of occurring scores in all facets including the summed up total scores of all facets. For the summed-up scores of all facets the mode is 72 and is within the Ambivalent range.

4.3.3.2 Percentage scores results

The percentage that each question facet scores and overall scores' total represent in the Score **Range of Satisfaction** are displayed in the graphs below. See Figure 4.5: **Score percentage per Question Facet** and Figure 4.6: **Scores for all facets.** The Satisfied range has the lowest percentage in all but one facet, which is the Promotion facet and tied lowest in Communication. The Dissatisfied range has the highest percentage in two facets which are Pay and Operating Conditions. It has the second highest in Fringe Benefits and Pay. In Promotion, it has the lowest percentage. The Ambivalent range has the highest percentage in Fridge Benefits, Pay and Promotion. This tied second in communication and second in Operating Conditions.

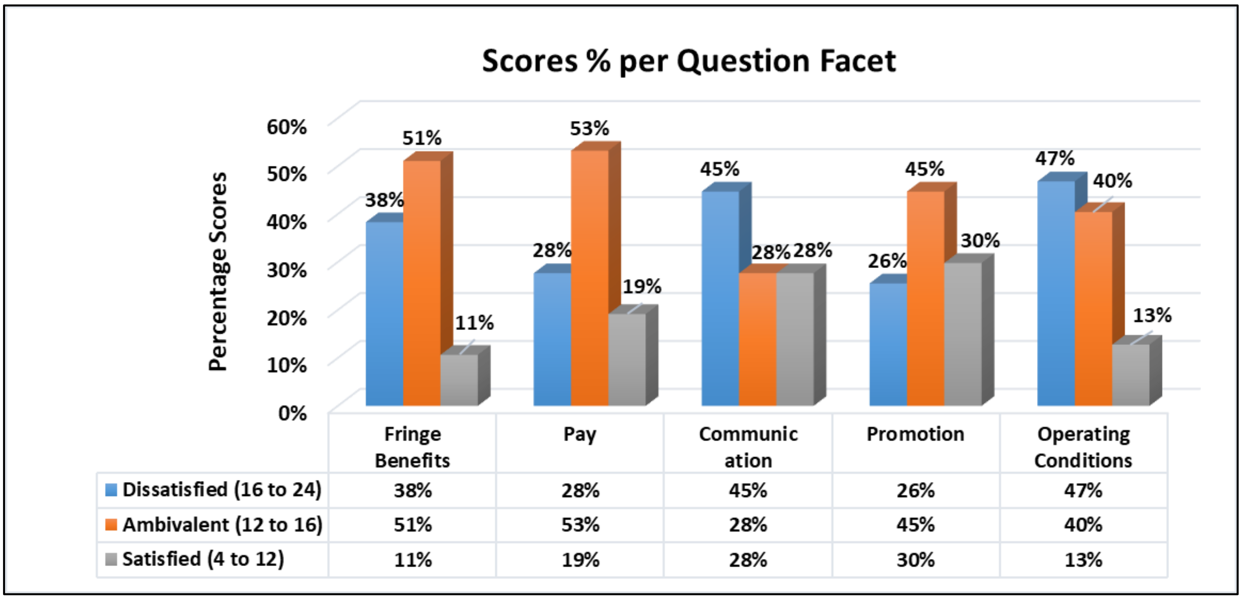


Figure 4. 5: *Score percentage per Question Facet*

Looking at the overall score's totals, the Ambivalent range has the highest percentage with 53%, the Dissatisfied range second with 30% and the Satisfied range with the lowest percentage at 17%.

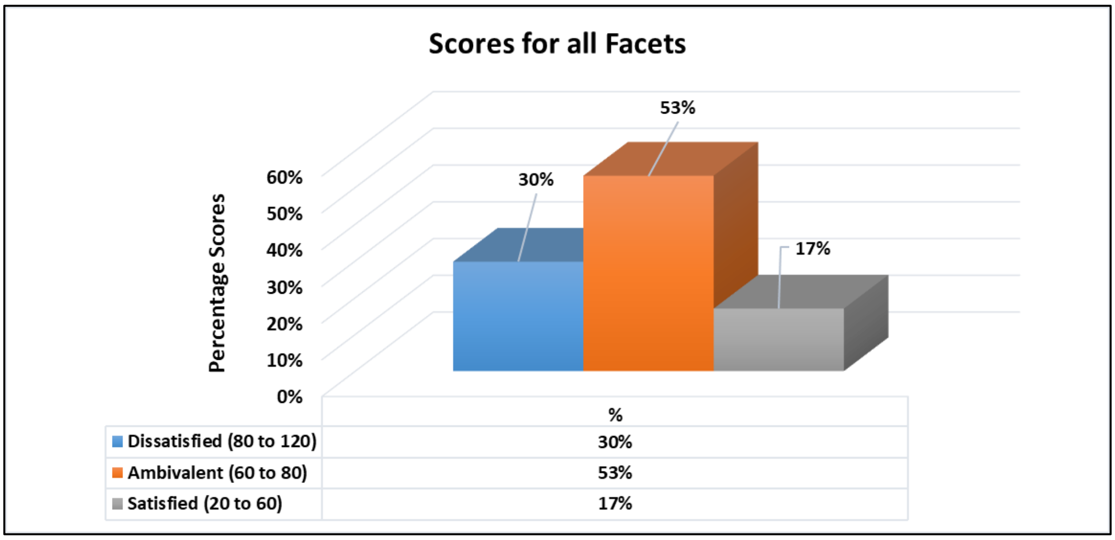


Figure 4. 6: *Scores for all facets*

4.3.4 Primary descriptive results findings

From the descriptive statistics analysis, several findings can be made from the data collected. These findings answered the first research question which sought to find if outsourcing has any effect on IT employee morale. In addition to that, these findings show which of the five facets had more influence on morale (negative or positive) compared to the others.

- Looking at the overall results, the findings are somewhat negative when analysing the results from the number of Satisfied respondents' perspective.
- A fewer number of the respondents indicated they were satisfied with the five facet areas that are impacted by the outsourcing process. This is only 17% of the respondents.
- Compare to the satisfied respondents, 30% of the overall respondents were dissatisfied with the five facet areas that are impacted by the outsourcing process.
- Respondents that had mixed feelings are the largest with 53%. This is more than half of the respondents.
- Again, from the Satisfied respondents' perspective, the results from each of the five facet areas indicate that Satisfied respondents were the lowest in all but one, which is Promotion.
- From the results of each facet of Fringe Benefits, Pay, Communication and Operating Conditions, satisfied respondents are the lowest. Only in Promotion, did the respondents indicated they were more satisfied compared to dissatisfied with 30% and 26% respectively.
- There are more respondents who are dissatisfied with the Communication and Operating Conditions of the facet areas that are impacted by the outsourcing process compared to those who are satisfied or have mixed feelings.
- The highest number of respondents with mixed feelings are in the Fringe Benefits, Pay and Promotion.
- The lowest satisfied score recorded between the five facets was on Fringe Benefits with only 11%.

From the above findings, the following can be deduced to answer the first research question that asks if outsourcing has any effect on IT employee morale.

- Based on this descriptive statistic results, it can be concluded that IT outsourcing where some employees are permanently transferred from a bank to an IT vendor company has a level of negative effect on IT employee morale.
- This is based on that only 17% of the respondents indicated to have been satisfied with the outsourcing process and the other 83% (53% Ambivalent and 30% Dissatisfied) indicated otherwise.
- This conclusion is also based on the findings from the Literature Review that Job Satisfaction, on which this survey is based, positively correlates with Morale.

4.3.5 Hypothesis Test: Transferred v/s Retained IT employees

This Hypothesis testing sought to answer the second research question which asks whether IT outsourcing affected the level of morale of transferred IT employees differently compared to retained IT employees in the South African Banking Sector? The findings in the descriptive statistics section already concluded that IT outsourcing, somewhat negatively affects IT employees with only 17% of the respondents having shown positive morale change.

The Hypothesis has been specified below.

H0: m1 (yes) = m2 (No)

IT outsourcing in the South African Banking Sector affects the morale of IT employees. This effect does not differ between transferred and retained IT employees.

H1: m1 (yes) =/= m2 (No)

IT outsourcing in the South African Banking Sector affects the morale of IT employees. This effect differs between transferred and retained IT employees.

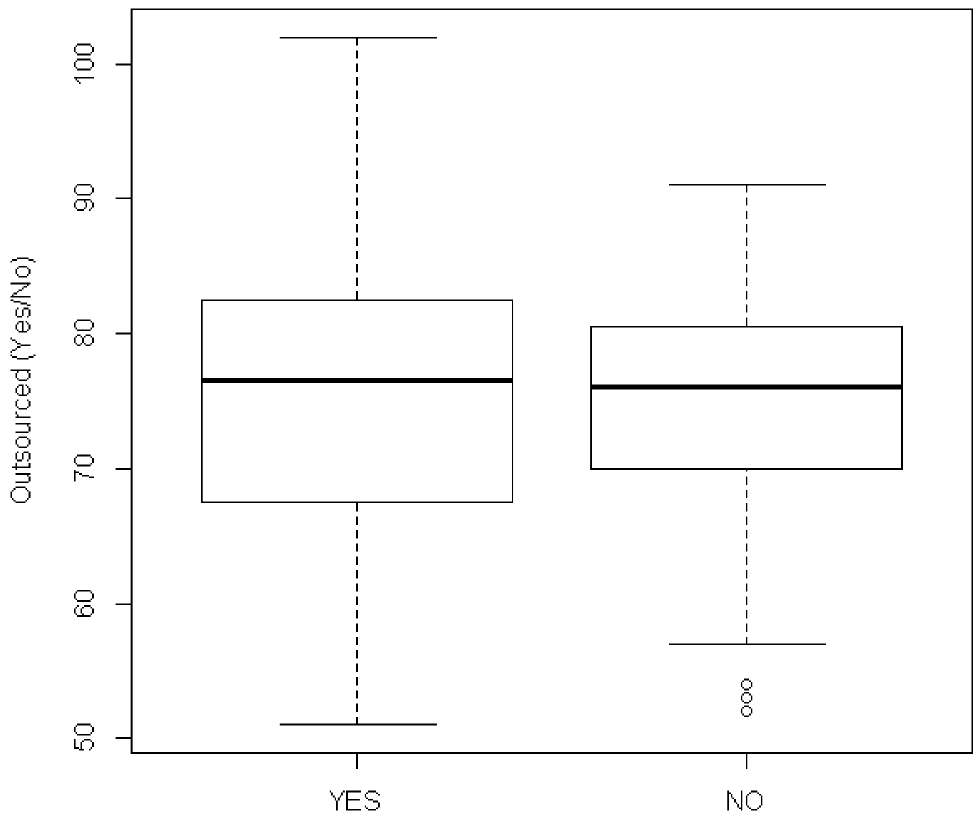
For this analysis, a Statistical software package called "The R Foundation for Statistical Computing" (R Core Team , 2018) was used.

Since it has already been revealed that the data inhabits characteristics of being normally distributed in the Descriptive Statistics section, the Hypothesis test used Parametric Inference techniques, mainly the t-Test. The two-sample t-Test was used to compare the two score means of the Transferred and Retained IT employees. The results are presented as shown below including the mean histogram comparison of Transferred and Retained IT employees scores.

t = 0.31312, df = 44.435, p-value = 0.7557

95 percent confidence interval: -5.936836 to 8.121619

sample estimates: mean in group 0 (74.87500) mean in group 1 (73.78261)



From the presented t-Test results, the p-value is 0.7557 which is greater than the significant level of 0.05 which is evidence of failure to reject the null hypothesis. According to this result, a clear conclusion can be stated that IT outsourcing in the South African banking Sector affects the morale of IT employees. This effect does not differ between transferred and retained IT employees.

4.3.6 Hypothesis Test Two: Job Level

This Hypothesis testing sought to answer the third research question which asks whether IT outsourcing affect the level of morale of IT employees differently, based on their Job Level in the South African Banking Sector. As previously stated, the initial intention of this test was to test the difference in morale effect from three job levels, but the data collected only had two which are General Staff and Junior Manager. This test is based on these two.

A two-sample t-Test which is a parametric Inference technique was used again because the two samples that are relatively normally distributed. The test was again done using the Statistical software package called "The R Foundation for Statistical Computing" (R Core Team , 2018).

The Hypothesis has been specified below.

H0: m1 (yes) = m2 (No)

IT outsourcing in the South African Banking Sector affects the morale of IT employees.
This effect does not differ between all General Staff and Junior Managers IT employees.

H1: m1 (yes) =/= m2 (No)

IT outsourcing in the South African Banking Sector affects the morale of IT employees.
This effect differs between all General Staff and Junior Managers IT employees.

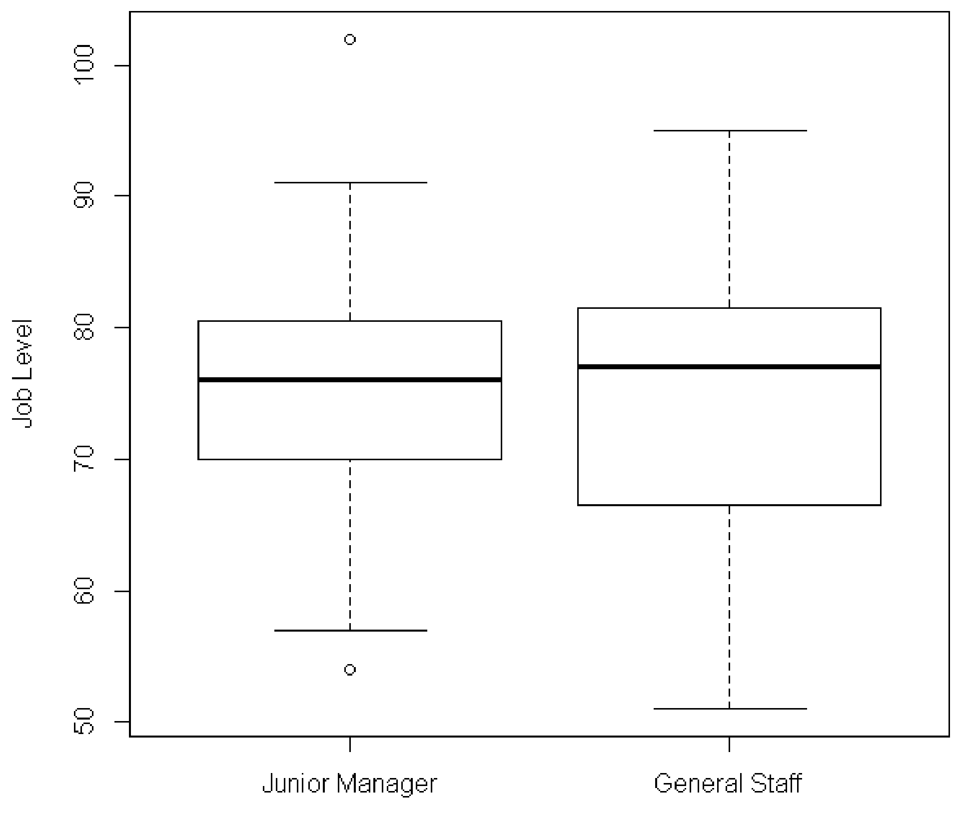
The results are presented as shown below including the mean histogram comparison of General Staff and Junior Managers' scores.

t = 0.55854, df = 32.916, p-value = 0.5803

95 percent confidence interval: -5.479592 to 9.626209

sample estimates: mean in group 0 (75.17857) mean in group 1 (73.10526)

From the presented t-Test results, the p-value is 0.5557 which is greater than the significant level of 0.05 which is evidence of failure to reject the null hypothesis. From these results a clear conclusion can be reached that IT outsourcing in the South African banking sector affects the morale of IT employees. This effect does not differ between IT employees of different job levels.

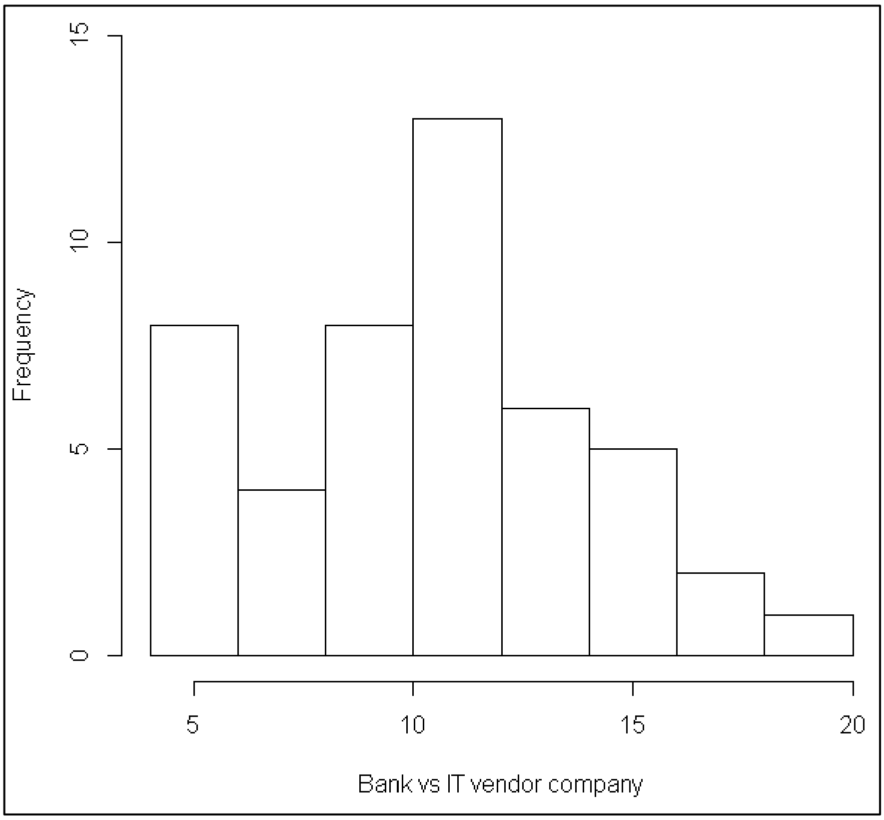


4.3.7 Other findings

The last section of the survey asked general questions about IT employees working in the bank compared to working for an IT vendor company based on their perceptions and observations. The main aim of this set of questions was to study if there are differences in perceptions between transferred and retained IT employees about working for a bank compare to working for an IT vendor company after the outsourcing process has been completed. Secondly, if the views and perceptions of working for an IT vendor company differ from those that have been transferred.

The questions were also Likert scale formats and consisted of four questions and again the scores for all five questions were also summed up to give an overall score per respondent. These total scores were used as primary data to test the hypothesis.

The test was again done using the Statistical software package called "The R Foundation for Statistical Computing" (R Core Team , 2018). A two-sample t-Test was used again to test the hypothesis because the histogram below plotted from the data unofficially suggest that the data is normally distributed.



The Hypothesis has been specified below

H0: m1 (yes) = m2 (No)

The views and perceptions of working for an IT vendor company does not differ between retain and transferred IT employees.

H1: m1 (yes) =/= m2 (No)

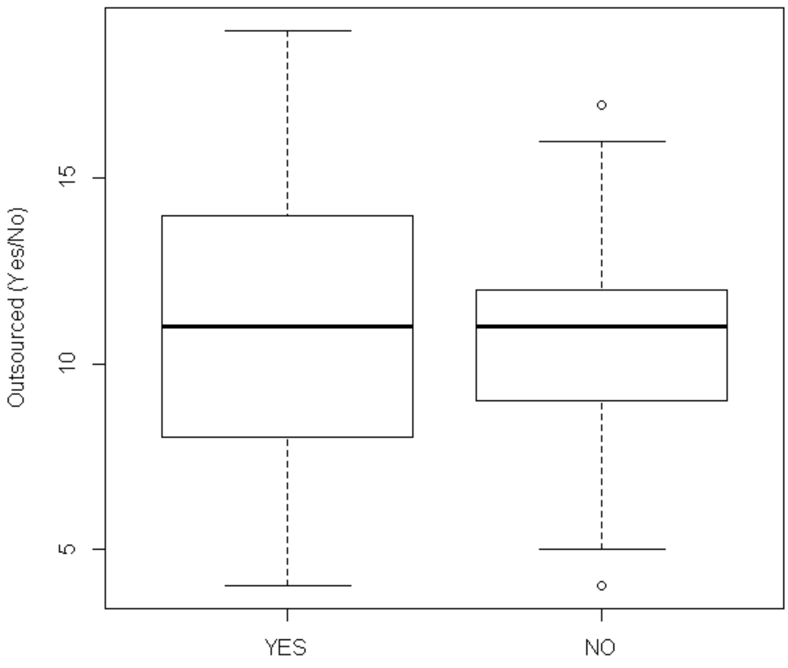
The views and perceptions of working for an IT vendor company differs between retain and transferred IT employees.

t = 0.27645, df = 44.398, p-value = 0.7835

95 percent confidence interval: -1.948040 to 2.567605

sample estimates: mean in group 0 (10.87500) mean in group 1 (10.56522)

From the presented t-Test results, the p-value is 0.7835 which is greater than the significant level of 0.05 which is evidence of failure to reject the null hypothesis. The results conclude that the views and perceptions of working for an IT vendor company do not differs between retain and transferred IT employees after the outsourcing process has been completed.



In addition to the Hypothesis test on the total scores of all the four questions, a set of four similar hypothesis tests were done to test the same hypothesis on each individual question. A Mann-Whitney test was used to test for a difference in answering tendencies between transferred and retained employees. A Mann-Whitney test was preferred since the data is a non-parametric, the scored of each question were not summed up. The test was again done using the Statistical software package called "The R Foundation for Statistical Computing" (R Core Team , 2018). The results of all four hypothesis are presented in Appendix B:
Hypothesis Test results and graphical presentation

In all four hypothesis tests the p-value is greater than the significant level of 0.05. This is evidence of failure to reject the null hypothesis. The results conclude that even in each question where four different factors were asked i.e. Career Opportunities, Compensation, Job security and Job satisfaction; the views and perceptions of working for an IT vendor company do not differs between retain and transferred IT employees after the outsourcing process has been completed.

4.3.8 Research Limitations

This research study was faced with several changes emanating from different spectrums of issues, including, but not limited to the sensitivity of the topic and consent from South Africa banks as employers to have their employees participate in the survey. The overall challenges that limited the research are listed below:

- Literature review limitations: Firstly, the existing literature in this area of research is divided on whether IT outsourcing has an impact of IT employees' morale; there is no consensus. Secondly, little or no South African literature exists on this specific topic.

- Lack of Senior Managers as part of the sample: The initial intention of the survey was to also test hypotheses using a Two-way ANOVA but this could not be done because the sample participants were only General Staff and Junior Managers. It would have been interesting to see what the research results would have been like if Senior Managers had been included.

- Low Response Rate: The intended sample size was over 75 respondents because of up to three variables that were going to be measured. The respondents who replied ended up at 49 but this was adequate because the final variables tested were two since Senior Managers were not part of the respondents.

- Context of the survey questions: The survey questions were drafted in a way that the respondents answered them based on a period when outsourcing was taking place. If some respondents answered the questions in any other context that would have limitations to the research.

- Sensitivity of the topic: With the current job climate in South African banking, the topic of outsourcing is a bit sensitive. Some of the identified sample participants refused to complete the survey thinking it might be in preparation of planned outsourcing.

- Employer consent: In one bank where a few of the identified participants are employed, they needed a fully explanation of what the research was about and took close to a month to give consent for the participants to complete the survey.

- Sample spread: The study was only conducted on three South African banks and two IT vendor companies. It would have been more spread out if all five South African major banks were part of the sample.

Chapter 5 Recommendations

5.1 Primary Recommendations

From the research findings, several key recommendations have been considered and are listed below to advise and use as guidelines to any future IT outsourcing process. These recommendations will contribute to both South African banks and IT vendor companies, especially their Human Resources departments in addressing possible issues of IT employees concerns with any IT outsourcing process. Unchecked morale change caused by outsourcing of employees might have a huge negative impact of any outsourcing process.

At an overall level, the research findings have shown that IT outsourcing where some IT employees are permanently transferred from a bank to an IT vendor company affects negatively the morale of the larger number of IT employees. Based on this, this study recommends the following:

- The IT outsourcing management teams must clearly articulate what and how the nature of work and Operating Conditions will be affected because of the outsourcing. A new or updated job specification must be produced and discussed with each employee to make them understand their new work expectations and Operating Conditions. This is because the highest factor that contributes to negative morale for the IT employees was concerns about new Operating Conditions. They were worried that after the outsourcing, they would have too much work, some unrelated to their current work and marred with red tape which will impact negatively their ability to do their work to the best of their ability.

- For all communication, the IT outsourcing management teams must use frameworks of change management communication because IT outsourcing is a change process. Communication of any outsourcing must start from the intention to outsource to avoid rumours and corridor talk. The communication must come from a person of great authority such as the CEO or CIO. The communication must have a complete reasoning of what led to the decision to outsource and what are the intended goals.

Communication was the second highest negative morale contributor as revealed by the study and factors revolved around secrecy, and no clear explanation of the reasons and goals.

- Even though the study revealed that more employees had good prospects of a promotion after the outsourcing compared to those who did not, it is recommended that proper handover of transferred employees must be conducted which includes a meeting with the employee, his/her current and new manager. This meeting must discuss among others, the developmental goals of the employees, their current and previous performance history, and their prospects of a raise or a promotion. This is to fairly avoid derailment of employees' career development goals progress.

- It is recommended that the differences in pay, remuneration structures, appraisal process and salary increase policies between a bank and IT vendor company be clearly communicated and explained to all employees so that they understand them fully if they are transferred to work for the IT vendor company. This is based on the findings from the study that show that over 50% of the employees had mixed feelings on how their pay, remuneration structures would be affected.

- It is recommended that the Fringe Benefits the transferred employees are promised must be equitable to the current employer and must be agreed in a legal binding contract. Fringe Benefits was revealed as the lowest satisfied score recorded between the five facets with only 11%, meaning employees were largely concerned about losing benefits they currently enjoy working for a bank.

5.2 Recommendations for future research

- This study focused on morale during the outsourcing process from intention to completion. Future studies can focus on morale before outsourcing and after outsourcing and then measure the difference.

- Any future study can examine the consequences of the negative morale caused by outsourcing and how it affects the success of the entire outsourcing process.

- This study only had two job levels of employees as part of their study. Future research can include more job levels such as Senior Management. It would be interesting to find how the possible transfer of Senior Managers to a new employer would affect their morale.

- This study can be extended to other industries where this form of outsourcing is prevalent, to see how it differs from one industry to the other.

Chapter 6 Conclusion

Some of what has been researched and what is in literature has discovered expectations and perceptions that IT employees have on IT outsourcing. Little of this have specifically studied the link to morale change which this study specifically did. Most of the other research is not about the IT industry and South African based research and cannot be a true reflection of the South African Banking Section IT outsourcing dynamics.

The consensus was not clear on what the overall impact on morale is when it comes to IT outsourcing in the South African banking sector from the IT employees' perspective. Therefore, this study was necessary to have properly researched findings that will be used to assist the South African banking sector and industry at large on outsourcing plans in the future. The findings are now clear that IT outsourcing where some employees are permanently transferred from a bank to an IT vendor company has a level of negative effect on IT employee morale.

Finally, the results and recommendation of this study will further reinforce Henri Fayol's Administrative Management Theory in the South African Banking Sector, specifically two of his 14 principles which are "Stability of Tenure of Personnel" and "Esprit de Corps" which explicitly states that management in an organisation must contribute to the development of morale and good culture. "Fayol suggested that for an organization to be successful, there should be team spirit amongst employees of the organisation of which all of them must consider themselves as members of the organisations further maintaining high morale and unity amongst themselves" (Godwin, Handsome, Ayomide, Enobong, & Johnson, 2017, p. 84). Both Human Relation Theories and Neo Human Relation Theory are also applicable management theories that could be applied in this study. Both deals specifically with human factors such as wellbeing, incentives, satisfaction and motivation.

References

Ang, S., & Slaughter, S. (2001). Work Outcomes and Job Design for Contract versus Permanent Information Systems Professionals on Software Development Teams. *MIS Quarterly, 25*(3), 321-350.

Aubert, B. A., & Croteau, A.-M. (2005). Information Technology Outsourcing from a Business Strategy Perspective. *HEC Montréal, 5*(1), 1-17.

Croasmun, J. T., & Ostrom, L. (2011). Using Likert-Type Scales in the Social Sciences. *Journal of Adult Education, 40*(1), 19-22.

Dangolani, S. K. (2011). The Impact of Information Technology in Banking System. *Procedia - Social and Behavioral Sciences, 30*, 13-16.

Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of Convenience Sampling and Purposive. *American Journal of Theoretical and Applied Statistics, 5*(1), 1-4.

Frost & Sullivan. (2017). *ICT Enterprise Spend in Banking and Financial Services, South Africa, Forecast to 2019.* Johannesburg: Frost & Sullivan.

Godwin, A., Handsome, O., Ayomide, W., Enobong, A., & Johnson, F. (2017). Application of the Henri Fayol Principles of Management in Startup Organizations. *IOSR Journal of Business and Management (IOSR-JBM), 19*(10), 78-85.

Gonzales, A., Dorwin, D., Gupta, D., Kalyan, K., & Schimler, S. (2014). *Outsourcing: Past, Present and Future.* Washington: IT and Public Policy.

González, R., Llopis, J., & Gascó, J. (2012). Information Technology Outsourcing in Financial Services. *The Service Industries Journal, 12*, 909-924.

Gulla, U., & Gupta, M. (2012). Impact of information systems outsourcing: A study of Indian banking sector. *International Journal of Business Information Systems, 10*(2), 131-150.

Headrick, T. C., & Sheng, Y. (2013). A PROPOSED MEASURE OF INTERNAL CONSISTENCY RELIABILITY: COEFFICIENT L-alpha. *Behaviormetrika, 40*(1), 57–68.

Hirschheim, R., & Lacity, M. (2000). The Myths and Realities of Information Technology Insourcing. *Communications of the ACM, 43*(2), 99-107.

Hirschheim, R., Heinzl, A., & Dibbern, J. (2007). *Information Systems Outsourcing: Enduring Themes, New Perspectives and Global Challenges* (2 ed.). New York: Springer.

Ho, V. T., Ang, S., & Straub, D. (2003). When Subordinates Become IT Contractors: Persistent Managerial Expectations in IT Outsourcing. *Information Systems Research, 14*(1), 66–86.

Hong, L. C., Hamid, N. I., & Salleh, N. N. (2013). A Study on the Factors Affecting Job Satisfaction amongst Employees of a Factory in Seremban, Malaysia. *Business Management Dynamics, 3*(1), 26-40.

Hoon, C. S., Pingry, D. E., & Thatcher, M. E. (2009). A Learning Model of Information Technology Outsourcing: Normative Implications. *Journal of Management Information Systems, 26*(2), 147–176.

Huber, R. L. (1995). How Continental Bank Outsourced Its “Crown Jewels". *Harvard Business Review, 71*(1), 121-9.

Iqbal, Z., & Dad, A. M. (2013). Outsourcing: A Review of Trends, Winners & Losers and Future Directions. *International Journal of Business and Social Science, 4*(8), 91-109.

Joshi, A., Kale, S., Chandel, S., & Pal, D. K. (2015). Likert Scale: Explored and Explained. *British Journal of Applied Science & Technology, 7*(4), 396-403.

Kandhakumar, P., & Balasingh, D. (2016). CONCEPTUAL FRAME WORKS ON EMPLOYEE MORALE AND SATISFACTION IN WORK PLACE. *International Journal of Advance Research and Innovative Ideas in Education, 1*(1), 312-318.

Kapur, R. (2018). *Factors Influencing Job Satisfaction.* Delhi: University of Delhi.

Khosrowpour, D. M., Subramanian, D., Gunderman, D., & Saber, D. (1996). Managing Information Technology with Outsourcing: An Assessment of Employee Perceptions. *Journal of Applied Business Research, 12*(3), 85-96.

Kiely, T. (1992). Downsizing: keeping up with the ins and outs. *CIO Magazine, 5*(10), 34-46.

Labour Relations Act No. 66 of 1995. (n.d.).

Louis, L. R. (2003). Employee Perceptions of Outsourcing of Information Technology Operations: An Empirical Investigation. *Information Technology and Organizations*, 387-390.

Lülecii, C., & Adil, Ç. (2018). The Relationship between Morale and Job Satisfaction of Teachers in Elementary and Secondary Schools1. *Educational Policy Analysis and Strategic Research, 13*(1), 54-70.

Mahmood, A., Nudrat, S., Asdaque, M. M., Nawaz, A., & Haider, N. (2011). Job Satisfaction of Secondary School Teachers: A Comparative Analysis of Gender, Urban and Rural Schools. *Asian Social Science, 7*(8), 203-208.

Makawatsakul, N., & Kleiner, B. H. (2003). The effect of downsizing on morale and attrition. *Management Research News, 26*(2/3/4), 52-62.

Marshall, C., & Rossman, G. (1999). *Designing qualitative research.* London: Sage Publications.

Neog, B. B., & Barua, M. (2014). Factors Influencing Employee’s Job Satisfaction: An Empirical Study among Employees of Automobile Service Workshops in Assam. *The SIJ Transactions on Industrial, Financial & Business Management (IFBM), 2*(7), 305-316.

Parvin, M. M., & Kabir, N. (2011). FACTORS AFFECTING EMPLOYEE JOB SATISFACTION OF PHARMACEUTICAL SECTOR. *Australian Journal of Business and Management Research, 1*(9), 113-123.

Pope, A. U. (1941). The Importance of Morale. *The Journal of Educational Sociology, 15*(4), 195-205.

R Core Team . (2018). *R: A Language and Environment for Statistical Computing.* Vienna, Austria: R Foundation for Statistical Computing. Retrieved from https://www.R-project.org/

Rauf, M., Muhammad, A. S., Zafar, I., & Mushtaq , M. A. (2018). Relationship between Morale and Job Satisfaction of SS Teaching in Higher Secondary Schools of KPK. *The Dialogue, 8*(1), 70-83.

Robinson, J. R. (2016). Role of Outsourcing in Stress and Job Satisfaction of Information Technology Professionals. *Walden Dissertations and Doctoral Studies*, 1-158.

Saavedra, J. W. (2014). The Influence of Global Outsourcing on the Relationship Between Employee Morale, Productivity and Employee Turnover within a Firm. *Tilburg University*, 1-24.

Saini, V., David C, Y., & David C, C. (2014). Information Technology Outsourcing: Issues and Future Analyses. *Eastern Michigan University*, 400-407.

Sarmento, A. (2005). *Issues of Human Computer Interaction.* Hershey: IRM Press.

Sohail, S. M. (2012). OUTSOURCING THE INFORMATION TECHNOLOGY FUNCTION: PERSPECTIVES FROM EMPLOYEES. *South African Journal of Business Management, 43*(2), 51-59.

Spector, P. E. (2001, October 8). *Job Satisfaction Survey, JSS*. Retrieved from University of South Florida: http://shell.cas.usf.edu/~pspector/scales/jssovr.html

Tarrant, H. (2016, September 19). *How much SA’s big banks spend on IT* . Retrieved from Tech Central: https://techcentral.co.za/how-much-sas-big-banks-spend-on-it/68522/

Tayauova, G. (2012). Advantages and disadvantages of outsourcing: analysis of outsourcing practices of Kazakhstan banks. *Procedia - Social and Behavioral Sciences, 41*, 188-195.

Taylor, P. (2012). Renegotiating relationships with employees in outsourcing operations. *Human Resource Management International Digest, 35*(1), 32.

Theron, A. V., & Dodd, N. M. (2011). ORGANISATIONAL COMMITMENT IN A POST-MERGERSITUATION. *South African Journal of Economic and Management Sciences (SAJEMS), 14*(3), 333-345.

Tinselboe, K. (2005). The present and future of outsourcing: theory meets practice. *3rd Twente Student Conference on IT* (pp. 1-6). Enschede: University of Twente, Faculty of Electrical Engineering, Mathematics and Computer Science.

Ugoni, A., & Walker, B. (1995). THE t TEST: An Introduction. *COMSIG REVIEW, 4*(2), 37-40.

Warmbrod, R. (2014). Reporting and Interpreting Scores Derived from Likert-type Scales. *Journal of Agricultural Education, 55*(5), 30-47.

Williams, C. (2007). Research Methods. *Journal of Business & Economic Research, 5*(3), 65-72.

Wong, B. (2004). A Study of the Perceptions of IT Professionals on IT Outsourcing. *Association for Information Systems*, 3570-3577.

Worrall, L., & Cooper, C. (1999). The quality of working life : 1999 survey of managers' changing experiences. *Institute of Management*, 112.

Appendix A - Online Survey

Intoduction

.

The objective of this research study is to understand and identify whether outsourcing of IT employees from South African Banks to IT companies has an impact (positive or negative) on their morale during the outsourcing period. The study will further analyse the main contributing factors of any morale change based on different factors that might have an effect on employees during the outsourcing period.

The completion of this survey takes between 5 to 10 minutes. Your participation in the survey is completely voluntary, your personal information is not required and your answers will be kept anonymous. Thank you.

Biographical Information

Q1. Have you ever been outsourced from a Bank to an IT company?

Yes

No

Q2. What is your Gender?

Male

Female

Q3. What is or was your Job Level when employed in the South African Banking Sector?

General Stuff

Junior Manager

Senior Manager

Survey Questions

.
For each question below "THE OUTSOURCING PERIOD" is the duration from when the intention to outsource employees from a bank to an IT company was announced to the time when the outsourcing was finalized.

Q4. Please answer each question based on your closest experience during the outsourcing period. Each question begins with "During the outsourcing period..."

	Strongly Agree	Agree	Slightly Agree	Slightly Disagree	Disagree	Strongly Disagree
I was concerned that I won't be satisfied with the benefits I will receive.	○	○	○	○	○	○
The benefits we received were as good as most other organizations offer.	○	○	○	○	○	○
The benefit package we had were equitable.	○	○	○	○	○	○
There were benefits we did not have which we should have.	○	○	○	○	○	○

Q5. Please answer each question based on your closest experience during the outsourcing period. Each question begins with "During the outsourcing period..."

	Strongly Agree	Agree	Slightly Agree	Slightly Disagree	Disagree	Strongly Disagree
I felt I was going to be paid a fair amount for the work I will do.	○	○	○	○	○	○
I was concerned that raises we going to be too few and far between.	○	○	○	○	○	○
I felt unappreciated by the organization when I thought about what they were going to pay me.	○	○	○	○	○	○
I was satisfied with my chances for salary increases.	○	○	○	○	○	○

Q6. Please answer each question based on your closest experience during the outsourcing period. Each question begins with "During the outsourcing period..."

	Strongly Agree	Agree	Slightly Agree	Slightly Disagree	Disagree	Strongly Disagree
Communications seemed good within the organization.	○	○	○	○	○	○
The goals of the outsourcing were not clear to me.	○	○	○	○	○	○
I often felt that I did not know what is going on with the organization.	○	○	○	○	○	○
New work assignments after the outsourcing were not fully explained.	○	○	○	○	○	○

Q7. Please answer each question based on your closest experience during the outsourcing period. Each question begins with "During the outsourcing period..."

	Strongly Agree	Agree	Slightly Agree	Slightly Disagree	Disagree	Strongly Disagree
I was concerned they will be too little chance for promotion on my job.	○	○	○	○	○	○
I believed that those who do well on the job still stood a fair chance of being promoted after the outsourcing.	○	○	○	○	○	○
I believed people will get ahead as fast here as they do in other organizations.	○	○	○	○	○	○
I was satisfied with my chances for promotion.	○	○	○	○	○	○

Q8. Please answer each question based on your closest experience during the outsourcing period. Each question begins with "During the outsourcing period..."

	Strongly Agree	Agree	Slightly Agree	Slightly Disagree	Disagree	Strongly Disagree
I was concerned that many of the new rules and procedures will make doing a good job difficult.	○	○	○	○	○	○
I was concerned that my efforts to do a good job will be seldom blocked by red tape.	○	○	○	○	○	○
	○	○	○	○	○	○

	Strongly Agree	Agree	Slightly Agree	Slightly Disagree	Disagree	Strongly Disagree
I was concerned I will have too much to do at work after the outsourcing.						
I was concerned I will have too much work to do that is not related to my current work after the outsourcing.	○	○	○	○	○	○

Survey Questions 2

Q9. PLEASE Select an answer FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION when it comes to working in an IT company compared to working for a Bank.

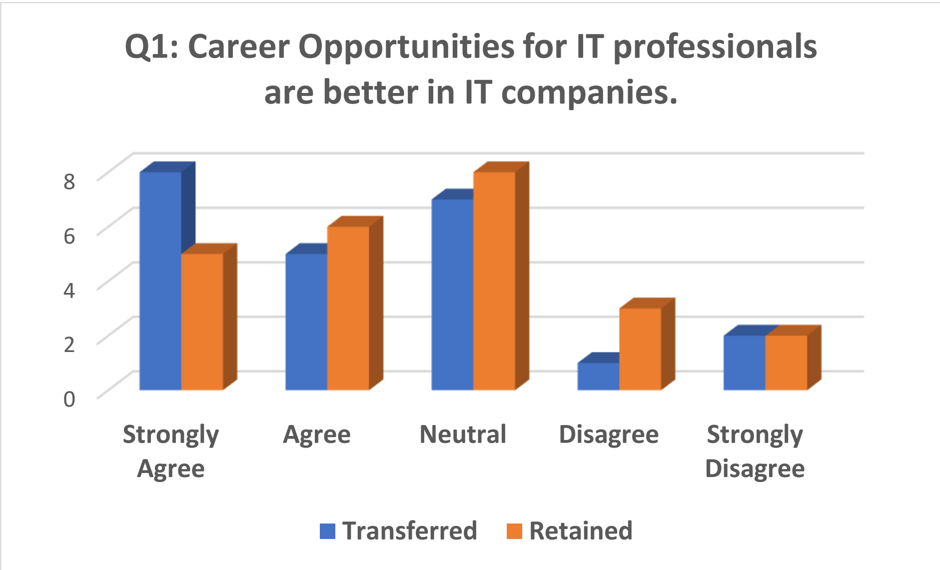
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Compared to working for a bank Career Opportunities for IT professionals are better in IT companies.	○	○	○	○	○
Compared to working for a bank Compensation for IT professionals is better in IT companies.	○	○	○	○	○
Compared to working for a bank Job security for IT professionals is better in IT companies.	○	○	○	○	○
Compared to working for a bank Job satisfaction for IT professionals is better in IT companies.	○	○	○	○	○

Appendx B: Hypothesis Test results and graphical presentation

data: Q1 by Outsourced

W = 320.5, p-value = 0.3323

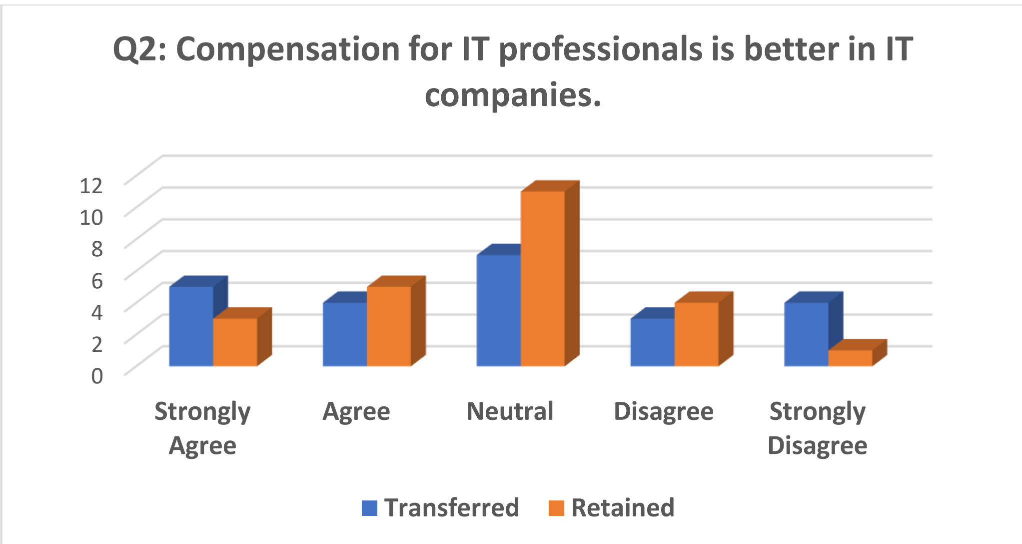
alternative hypothesis: true location shift is not equal to 0



data: Q2 by Outsourced

W = 271, p-value = 0.9208

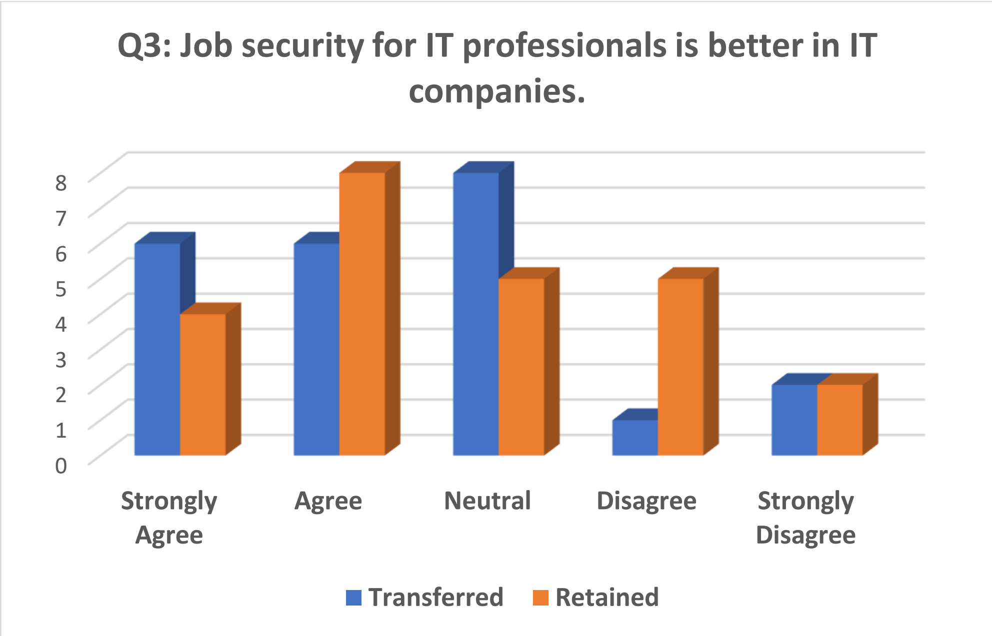
alternative hypothesis: true location shift is not equal to 0



data: Q3 by Outsourced

W = 310.5, p-value = 0.4556

alternative hypothesis: true location shift is not equal to 0



data: Q4 by Outsourced

W = 252.5, p-value = 0.6095

alternative hypothesis: true location shift is not equal to 0