ABSTRACT

Malaysia is a rapidly developing country and if the current economic and development boom is sustained, it is envisaged that by year 2020 Malaysia would achieve developed nation status. Globalization and advanced technology has removed many barriers around the world making the world smaller. Global outsourcing increasingly gained popularity and controversial national concern simultaneously. Some view outsourcing as a means of increasing global competitiveness whereas others regard it as a strategy resulting in job reduction and loss.

There is little empirical study that addresses employee perceptions on global outsourcing and other factors which influence the perceived benefits of global outsourcing. This study attempts to study the impact of employee perceptions on global outsourcing, types of activities outsourced and organizational characteristics on the perceived benefits of global outsourcing. The study presented a set of 3 hypotheses and contended that employee perceptions on global outsourcing, organizational characteristics and types of activities outsourced had a direct influence on the perceived benefits of global outsourcing.

A structured questionnaire was developed based on studies by Elmuti and Kathawala (2000). A total of 200 responses were used for analysis in this study. Results of this study, conducted via the questionnaire survey, did substantiate two of these hypotheses. The study reveals that in Malaysia, employee perceptions on global outsourcing and type of activities outsourced have a direct impact on the perceived benefits of Global outsourcing.

Keywords: Global Outsourcing Strategies, Organizational Characteristics, Employee Perceptions, Outsourced Activities, Organizational Effectiveness.