

# THE IMPACT OF EMPLOYER-EMPLOYEE EXCHANGE ON SOCIAL AND ECONOMICS EXCHANGE: A STUDY OF OUTSOURCING INDUSTRY IN SRI LANKA

Sivalogathan.V\*; Xiaobo Wu\*\*

\*Ph.D Scholar & Senior Lecturer,  
The Open University of Sri Lanka,  
Sri Lanka.

\*\*Professor,  
School of Management,  
Zhejiang University,  
Hangzhou, China.

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## ABSTRACT

*The employer–employee productive relationship identified as exchange relationship in the organization. The exchange determines the employee work outcomes which are greatly influenced by the Perceived Organizational Support (POS) and Organizational Commitment (OC). This paper mainly focused to evaluate the nature of productive exchange and the impact on the employee social and economics exchange in the outsourcing industry in Sri Lanka. The questionnaire survey method was used among 200 Information Communication Technology (ICT) professionals. The results indicate that POS establishes significant positive relationship with Social exchange and negative relationship with Economic Exchange consecutively. Both distinguished relationships facilitated by the moderator Organizational commitment. The researcher identified that the employer- employee relationship becomes absolutely paramount for business process outsourcing organization ever since the human capital becomes the most critical success factor because the business solutions tailor made for a delivery organization are brain born babies of their employees.*

**KEYWORDS:** *Perceived organizational support, Organizational commitment, Employer–employee exchange, Social exchange and Economic exchange.*

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## 1. INTRODUCTION

Sri Lanka plays a major role in outsourcing business in today's context. There are over 300 IT and BPO companies. Earnings from exports of IT-BPO sector have shown a steady upward trend during the past decade, Sri Lanka is clearly emerging as a global sourcing destination in the region. IT-BPO exports have reached an estimated \$ 275 million in 2006. The industry has set a target of \$ 2 billion in export revenue from IT-BPO sector by 2012. Developing ICT and professional services off shoring opportunities should be a high priority for development-

oriented countries such as Sri Lanka. Sri Lanka moving up the ranking highlights the improving strengths as an outsourcing destination. IT/BPO and Knowledge Service industry is targeted to grow to become a billion dollar industry by 2015. (SLASSCOM)

The Global Services Location Index (GSLI), analyses and ranks top 50 countries worldwide as the best destinations for providing outsourcing services, including IT services and support, contact centres, and back-office support. Sri Lanka ranked number 21 in the index in 2011. The report positively stated that Sri Lanka has promoted the ranks assisted by low costs compared to the rest of the destinations. The combination of high people skills, favourable business environment and low cost enables India, China and Malaysia to be in the top three slots.

As the global economy begins to bounce back, we will have a tremendous opportunity to a share of the global IT/BPO market in the outsourcing business the critical success factors are very much standardized across the industry. The core success factors have been productive exchange, quality of deliverables, delivery maturity, client delight and Innovation. However, employee productive exchange is a dynamic human factor, which directly affects the business performance significantly unless it managed with dedication and focus. Due to severe competition in the outsourcing industry the companies are challenged to maintain the retain ability of their employees in a consistent manner.

The outsourcing industry in Sri Lanka continues to be one of the key drivers of economic growth. As per Central Bank of Sri Lanka, the outsourcing industry is growing about 23% per annum, work force to be increase from 5,000 in 2004 to 50,000 in 2012 and yield per employee to be increase from US\$ 20 in 2004 to US\$ 40 in 2012. Sri Lanka is emerging as a global IT-BPO destination of choice in number of key focus domains. Global Services Magazine ranked Sri Lanka is among top 20 'Emerging Cities'. This is mainly due to the very competent labour pool among the IT workforce, 43% of people have a degree or higher qualification in IT; around 84% have more than a year's experience.

In this study, the research question was that "Due to what factor this highest attrition rate was cause?" and "why 'employer- employee productive exchanges are not working well specially in the outsourcing industry? ". Therefore the objective of this study to be

- ✓ To find out the existing Employer- Employee productive exchange of professional employees of outsourcing companies in Sri Lanka.
- ✓ To identify and determine the factors that influence productive exchange in order to gain better outcome.

Hence the purpose of the research is to identify the nature of productive exchange that exist in the delivery of organization, demarcate the factors that influence the work outcomes.

## 2. LITERATURE

### NATURE OF THE EXCHANGE – SOCIAL AND ECONOMIC EXCHANGE PROCESS

Social exchange and equity theories posit that people continually seek a balance in what they "invest" in a relationship (time, skills, effort) and what they receive in return (appreciation, pay, recognition) for these inputs (Adams 1965; Carrell and Dittrich 1978). Further, people determine how equitable a reward is after comparing their inputs and outcomes with those of their co-workers. A balance between inputs and outputs, in comparison to others, strengthens social bonds between the parties and enhances relationship longevity; however, a lack of reciprocity can lead to a range of negative consequences including greater cognitive dissonance, psychological distress, and eventually reduced well-being (Blau and Boal 1989; Walster and Berscheid 1978).

Particularly the inducements-contributions framework (March and Simon 1958) and Barnard's (1938) theory of organizational equilibrium, argue that the very existence of an organization is dependent on achieving a state of equilibrium between the inducements offered by the organization and the contributions expected by employees. Indeed, much of the contemporary literature on voluntary employee turnover is ground in the inducements-contributions theory and suggests that the ability to attract and retain a sufficiently qualified workforce relies heavily on the balance of the exchange between employer and employee (Allen, Shore, and Griffeth, 2003).

Economic exchanges do not imply long-term or open-ended and diffuse obligations, but rather emphasis is on economic agreements such as pay for performance. Thus, employee expectations about the duration of the exchange, as long-term and open-ended (social exchange) or narrowly defined financial obligations without long-term implications (economic exchange), is a critical distinction between these two forms of exchange. A final distinction is the emphasis on financial as compared with socio-emotional aspects of exchange. Both the commitment and the psychological contracts literatures have focused on social and economic exchange as explanatory mechanisms for linking these constructs with other variables (Aselage & Eisenberger, 2003) but have not explicitly measured employee perceptions of social and economic exchanges or examined their impact on the employment relationship (Coyle-Shapiro & Conway, 2004).

In the context of psychological contract, mutuality describes the degree to which the two parties agree on their interpretations of promises and commitments each party has made and accepted. Reciprocity refers to the degree of agreement about the reciprocal exchange, given that commitments or contributions made by one party obligate the other to provide an appropriate return. When individuals engage in economic exchanges, the value of goods and services is explicit.

Both psychological contract and organization commitment literatures have emphasized the importance of employee perceptions of the exchange relationship with the organizations. Rousseau (1995) has helped popularized the notions of psychological contracts in which the employee perceives that the organizations is obliged to him or her in various ways and that he or

she has certain obligation in return. (Eisenberger, Fasolo, and Davis La, Maestro, 1990; Eisenberger, Hutchison and Sowa, 1986) proposed that the commitment is best conceptualised as a social exchange relationship in which perceived value or 'perceived organizational support' represent the employer side of exchange.

The major distinctions between social and economic exchange relationships that have been emphasized in the literature and that provided guidance in this study are as follows. First, trust is viewed as the basis for the relationship underlying social exchanges (Blau, 1964), while economic exchanges are impersonal so that trust is not emphasized. Second, investment in the relationship is critical to social exchange (Eisenberger et al., 1986; Rousseau, 1995) but is not an aspect of economic exchange. In fact, investment and trust are intertwined in exchange relationships. Specifically, in social exchanges, both parties invest in the other party with some inherent risk that the investment will not be repaid, requiring trust (Blau, 1964; Cotterell, Eisenberger, & Speicher, 1992; Eisenberger, Cotterell, & Marvel, 1987). Third, social exchanges require a long-term orientation, since the exchange is ongoing and based on feelings of obligation (Blau, 1964).

Perceived organizational support is defined as "the extent to which employees perceive that their contributions are valued by their organization and that the firm cares about their well-being" (Eisenberger et al., 1986). Essentially, social exchange theory applied in the work context argues that employees are willing to exchange their effort and time for various rewards offered them by the organization (Blau, 1964).

However, social exchange differs from economic exchange in that the parties involved are willing to act now in hopes of future, unspecified reciprocation (Gouldner, 1960). Additionally, whereas economic exchange theories (Rousseau and Parks, 1993) argue that employees are willing to exchange their work performance for pay, and social exchange theory posits that employees are willing to exchange work performance for additional factors that are less tangible such as feeling valued and supported.

Organizational Support Theory (OST: Eisenberger, Huntington, Hutchinson, & Sowa, 1986; Rhoades & Eisenberger, 2002; Shore & Shore, 1995) holds that in order to meet socio emotional needs and to assess the benefits of increased work effort, employees form a general perception concerning the extent to which the organization values their contributions and cares about their well-being. Such perceived organizational support would increase employees' felt obligation to help the organization reach its objectives, their affective commitment to the organization, and their expectation that improved performance would be rewarded. Behavioural outcomes of perceived organizational support would include increases in-role and extra-role performance and decreases in stress and withdrawal behaviours such as absenteeism and turnover. Rhoades and Eisenberger (2002) indicated that three general categories of favourable treatment received by employees (fairness of treatment, supervisors support, and rewards and job conditions) are positively related to perceived organizational support, which, in turn, is associated with outcomes favoured by employees (increased job satisfaction, positive mood, and reduced stress) and the organization (increased affective commitment and performance and reduced turnover).

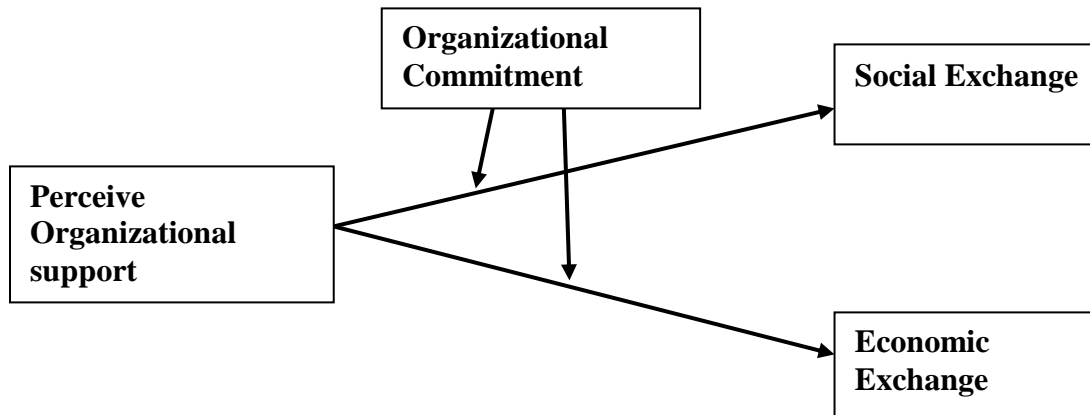
## ORGANIZATIONAL COMMITMENT

Organizational commitment is the employee's psychological attachment to the organization. It is an attitude which can be contrast with other work and related employee attitude. Beyond this general sense, Organizational scientists have developed many definitions of organizational commitment, and numerous scales to measure them. The personal commitment lies at the heart of the employer-employee relationship and refers to a set of unwritten agreements about what one party expects to give and receive from the other (Robinson 1996; Robinson and Morrison 2000). An individual's perceptions of their reciprocal obligations are often generated very early in the employer-employee relationship and can cover a range of issues including promotional opportunities, training and development, and the level of decision-making responsibility that the employee will receive (Turnley and Feldman 2000).

According to Meyer and Allen's (1991) three-component model of commitment, which characterize an employee's commitment to the organization: Affective Commitment: is defined as the employee's positive emotional attachment to the organization. An employee who is affectively committed strongly identifies with the goals of the organization and desires to remain a part of the organization. Continuance Commitment: The individual commits to the organization because he or she perceives high costs of losing organizational membership (Becker's 1960 "side bet theory"), including economic costs (such as pension accruals) and social costs (friendship ties with co-workers) that would be incurred. And Normative Commitment: The individual commits to and remains with an organization because of feelings of obligation. These feelings may derive from many sources.

Social exchange theory (Blau, 1964) suggests that positive perceptions about the employment relationship will lead to beneficial work behaviours through the process of obligatory reciprocation. The concept of the commitment is close to the concept involvement and identification. It can be argued that commitment can be viewed as an attitude or proximity towards the organization which links or attach identity of the employee often to the organization.

The literature constructively discusses the strategic subject's areas which are required for this research in a standardized manner. While the contracts virtually exists in distinguished dimensions the incorporated literature illustrates that the exchange, depending whether it is social or economic tend to have relationship with superior work performance, organizational citizenship behaviour, relative absenteeism and relative lateness.



**FIGURE: 3.1 ILLUSTRATE THE CONCEPTUAL FRAME WORK**

The above conceptual diagram was developed based on the existing literature incorporated in this research study. It is constructively argued that perceived organizational support is linked to organizational an exchange process via organizational commitment as a moderator. Further the exchange process is resulted either with the social or economic exchange in turns influence the work related outcome of employees.

**HYPOTHESIS<sub>1</sub>:** Higher POS is positively correlated to social exchange process by mediating organizational commitment.

**HYPOTHESIS<sub>2</sub>:** Lower POS is negatively correlated to economic exchange by mediating organizational commitment.

### 3. RESEARCH METHODOLOGY

Large number of small players primarily dominates outsourcing industry in Sri Lanka. The study was limited to few selected players in the outsourcing organization located in Colombo city. The study has carried out used stratified sampling approach within the 200 hundred selected samples in five organizations. The sample was included the male and female distribution rate as per the organization proportionate. Data gathered using a quantitative technique method by standard questionnaire. The sample is realistic and purposeful. It is comprised of employees from all functional areas such as delivery, process, HR, finance, training, IT, and administration.

The researcher meaningfully used the likert scale to measure the deviation of answers. All variables were measured using a 7-point scale from 1 (strongly disagree) to 7 (strongly agree). Further the researcher used regression analysis, ANOVA analysis, and Correlation analysis to analysis the variables. The study used the Descriptive mean analysis, standard deviation and standard error analysis to validate the reliability of the data.

## 4. ANALYSIS

### DESCRIPTIVE STATISTICS

The study was received 144 out of 200 usable questionnaires and the response rate was 72%. The average mean age range is in between 26-31. Averagely 60% of the employees have the first degree and 20% each a piece have master level or diploma level qualification. It is highlighted 1 out of 5 employees either have a master level qualification such as MBA, MSc. However 1 employee out of 5 also is identified with Diploma or Advanced Diploma level qualification.

The selected sample comprised of 48.2 % Male and 50% Female employees. It is evident that 42% of the females' employees are employed in the Junior- Middle level layer. However only 28% male segment is only belongs to Junior – Middle level segments and 14% of the male segments belong to senior or higher role. This displays a very clear disparity in the male and female employment distribution.

Further 70.1% of the employees are demarcated in the permanent cadre. 29.99% of the employees are identified either in the probation or contract status. It is evident that 54% of the employees were in the 6 -12 month tenure, 17% are being in the 12-60 months tenure, 5% of the employees praised with greater than 60 months, and 24% of the employees belongs to less than 6 months tenure.

**TABLE: 1-DESCRIPTIVE STATISTICS, MODEL SUMMARY, ANOVA, REGRESSION ANALYSIS OF INDEPENDENT, DEPENDENT AND MODERATE VARIABLES**

Variables	Mean	Std. Dev	Social Exchange		Economic Exchange	
			M1	M2	M3	M4
Perceived Organizational Support	4.84	1.04	a	a	a	a
Social Exchange	4.69	0.97	b	b		
Economic Exchange	4.63	0.73			b	b
Organizational Commitment	5.05	0.83		a		a
R			0.550	0.670	0.263	0.263
R <sup>2</sup>			0.302	0.449	0.069	0.069
Adjusted R <sup>2</sup>			0.297	0.441	0.063	0.056
Std.Error of the estimate			0.814	0.726	0.706	0.709

Durbin-Watson			2.099	2.112	1.934	1.934
ANOVA						
Regression			0.000*	0.000*	0.001*	0.005*
F			61.43	57.35	10.57	5.25

a. Predictors: (Constant), Perceived Organizational Support, Organizational Commitment

b. Dependent Variable: Social Exchange , Economic Exchange

\* Significant at 0.05 level.

Study analysed the overall means of independent, depended variables and the attributes. It is highlighted the perceived organizational support represent the maximum mean scale 7 among the rest. The social exchange and organization commitment were consecutively the highest scale 6.67 and 6.75. The second highest average mean is recorded by organizational commitment 5.05, followed by the third highest average means is in the perceived organizational support 4.84. The above analysis justifies the validity and the reliability of the data. The average mean analysis, highest and lowest mean scale justify that the employees were able to concisely select or distinguish the individualistic answers easily incorporated in the questionnaire and constitute the reliability.

### PERCEIVED ORGANIZATIONAL SUPPORT AND SOCIAL EXCHANGE (M1)

The perceived organizational support was analysed using three dimensional frame work model which include the support from the organization, recognition for employee innovative ideas, and employee attitude towards origination brand equity. The employee attitude indicates the highest mean value of 5.12 while the factor support from the organization shows the lowest mean value of 4.68. All means values have low standard error and low standard deviation. Overall perceived organizational support was calculated by averaging these values of attributes and the mean value of 4.84.

The study has evaluated the social exchange by using three factors such as trust exchange, non monetary rewards and job satisfaction. Overall social exchange was calculated by averaging these values of attributes. The social exchange of the sample indicates the mean value of 4.69. Validity of these mean values is emphasized by low standard deviation and low standard of error means.

The research identified perceived organizational support illustrates a positive relationship with social exchange. The model summary explains  $R^2$  30.2% of total variation observed in the dependent variable of social exchange. The analysis of variance (ANOVA) of the model was highly significant at 0.01 level. The regression analyses explain independent variable perceived organizational support has 51.2% positive impact on the depended variable social exchange. The coefficient demonstrates the marginal impact of an independent variable.



## POS, ORGANIZATIONAL COMMITMENT AND SOCIAL EXCHANGE (M2)

The model summary explains  $R^2$  44.9% of total variation observed in the dependent variable social exchange. This indicates when organizational commitment plays moderator role 14.7 % increased sensitive variation can be expected. This justify organizational commitment plays a facilitation role with the independent variable. The analysis of variance (ANOVA) of the model was highly significant at the 0.01 level. The regression analysis explains independent variable perceived organizational support has 33.8% positive impact on the depended variable social exchange. However, moderator variable organizational commitment plays a very significant role by placing 49.7% positive impact on the depended variable. This shows that the organizational commitment plays a facilitation role with the independent variable and holding the domination to a greater degree

This study compared and contrast perceived organizational support, organizational commitment and Social exchange to determine how the relationship distribution varies across distinguished male and female segments. The Male Vs Female analysis doesn't indicate significance variation on the total variation. The social exchange doesn't significantly depend on gender. The analysis of variance (ANOVA) of the model was highly significant at the 0.01 level. The Female segment coefficient analysis indicates that perceived organizational support shows relatively positive relationship of 27% with social exchange. The Male segment coefficient analysis indicates that perceived organizational support shows positive relationship of 15.2% with social exchange. The Female segments indicates perceived organizational support is relatively high 12% compared with male segment, the possible root cause is females generally seek better opportunities, the public relation has been comparatively less compared with male. Coefficient analysis indicates that female segment shows very high positive relationship with social exchange and it is 7% high compared to male segment. The Female segments shows relatively higher deviation compare with male segment. It is possibly due to female takes longer period of time to build commitment and it is very consistent.

The study compared and contrast perceived organizational support, organizational commitment and social exchange to determine how the relationship distribution varies across distinguished permanent and other categories of employees. The permanent Vs Other employees analysis indicates 46% variation is the depended variable. Permanent Vs Others analysis indicates decreasing positive variance 41% on the depended variable. However it is 5% less compared to the other segments, the other type of employees shows inferior social exchange compared to permanent employee. This is due to they are in the early stage or short term of their employment trying to build the social exchange with their organization. The Permanent employees disclose relatively better social exchange than the other type of employees. This is evident that social exchange is built only in the long term basis and approach. The analysis of variance (ANOVA) of the model was highly significant at the 0.01 level. Coefficient analysis indicates that perceived organizational support shows positive relationship 38.9% with social exchange, Coefficient analysis indicates that perceived organizational support shows very inferior 7.7% positive relationship with social in the probation or contract employees. Probation or contract employees not long lasting consistently, they disclose very lower perceived organizational support. It is evident that perceived organizational support is not built in short term. Permanent employee segment indicates, that they disclose perceived organizational support

very significant compared with probation or contract segment. It is evident that perceived organizational support can be only build in longer term perspective.

Coefficient analysis indicates that Organizational commitment shows significant variation on the dependent variable 4.3%. Coefficient analysis indicates that organizational commitment shows significant variation on the dependent variable. It discloses 65% with social exchange. Probationary or contract type segments illustrate greater degree of commitment to the organization than the permanent employees since they wanted to achieve a better and stable position in the current organization, hence they keep higher energy and maintain higher organizational commitment would results in the future. Permanent employee segment shows less organizational commitments compared with the probation and other type of employee segment. May be, they have already achieved stable position in their job role.

### **PERCEIVED ORGANIZATIONAL SUPPORT AND ECONOMIC EXCHANGE (M3)**

The study has evaluated the economic exchange by using three attributes such as monetary rewards of the employee received, job security and job stability. Overall economic exchange was calculated by averaging these three values of economic exchange attributes. Economic exchange of the sample indicates a mean value of 4.63. Validity of these mean values is emphasized by low standard deviation and low standard of error means.

The researcher identified that the perceived organizational support illustrates a negative relationship with Economic Exchange. The relationship is identified through model summary, ANOVA Analysis and the Regression Analysis. The model (M3) summary explains  $R^2$  is 6.9% of the total variation observed in the dependent variable of economic exchange. So it measures the precision of the model and data gathered. The analysis of variance (ANOVA) of the model is highly significant at the level of 0.05. The regression analysis explains independent variable perceived organizational support has 18.4 % positive impact on the depended variable economic exchange.

### **POS, OC AND ECONOMIC EXCHANGE (M4)**

The model summary explains  $R^2$  6.9 % total variation observed in the dependent variable of economic exchange. The analysis of variance (ANOVA) of the model is highly significant. The regression analyses explain independent variable perceived organizational support has 18.4 % positive impact on the depended variable economic exchange. However it can be argued while the moderator variables involve perceived organizational support leads to almost a negative relationship 0.2%. This is due to the fact that the average overall mean value is very high 5.05 compared with economic exchange 4.63 which is low having considered. It should be highlighted that the negative relationship between the perceived organizational support and the economic exchange has been coated by the positivity.

The study compared and contrast perceived organizational support, organizational commitment and economic exchange to determine how the relationship distribution varies across distinguished male and female categories of employees. The Male segment analysis indicates significance variation 32% on the depended variable economic exchange and Female segment

analysis indicates less significance variance 9% on the depended variable economic exchange. Male segment do disclose relatively significant relationship economic exchange. Males show that primarily much more favourable attitude to monetary rewards than the female segment. Possibly go greater whenever an economic opportunity is presented. Female segment disclose very less significant relationship with the economic exchange compared with male segment, it is evident that females employees are not showing primarily favourable attitude towards monetary aspects as seek stable opportunities inside.

The analysis of variance (ANOVA) of the model was highly significant EP (0.01) the analysis of variance (ANOVA) of the model was not highly significant. Male segment coefficient analysis indicates that perceived organizational support shows very less significant relationship (7.5%) with economic exchange compared with females. Female segment coefficient analysis indicates that perceived organizational support shows relatively high relationship (27%) with economic exchange. Male distribution indicates lower perceived organizational support is negatively core related with economic exchange possibly compared with female segments, the possible root cause is males generally seek better opportunities outside or inside, the public relation has been high for female segment indicates perceived organizational support shows negative core relation with economic exchange, however comparative to male 20% increased exchange is identified due to less public relation and out opportunities.

Coefficient analysis indicates that male segments shows Economic exchange has 25% significant relationship with organizational commitment and female segments shows very less significant on Economic exchange only 8%. Male distribution and shows significant negative relationship on Economic exchange, it is evident that organizational commitment disclose more dominant while evolving with the independent variable perceived organizational support. Female distribution shows very low significant negative relationship on Economic exchange, it is evident that organizational commitment disclose very less dominant while evolving with the independent variable perceived organizational support.

This analysis explores interesting results that Permanent Segments analysis indicates very less significance variation 1.8% on the depended variable economic exchange and the other segments shows very high significant 38% compared with the permanent segment. Permanent employee segments are very liable with the economic needs hence they are less bound in terms of exchange. Other segment of employees are greatly motivated by the economic terms for joining, developing their career due to this factor economic exchange is high.

The analysis of variance (ANOVA) of the model was highly significant EP (0.01). Permanent segment indicates very less 4.1% significant between perceived organizational support and Economic Exchange, Other segment indicates very high significant relationship between perceived organizational support and Economic Exchange. Permanent Segment indicates very less perceived organizational support exchange with Economic exchange possibly due continuously seeking monetary based opportunities either outside or inside other segment of employees are greatly motivated by the economic terms for joining; developing their career due to this factor economic exchange is high.

Permanent segments organizational commitment shows very less significant exchange between perceived organizational support and economic exchange 7.8% Other Segments coefficient analysis indicates that organizational commitment shows very less significant relationship with perceived organizational support and Economic exchange. Permanent indicates that organization Commitment less influenced the economic exchange with perceived organizational support. This is possibly due to permanent segment already enjoyed the monetary exchange with commitment being optimum and now they are moving towards comfort zone, Other Segments indicates that organization Commitment less influenced the economic exchange with perceived organizational support. This is possibly due to the other segment joined the organization fresh or possibly still in the early days hence not identify the other economic opportunities.

## 5. CONCLUSIONS

The perceived organizational support values represent the overall mean value 4.80. This reveals that the perceived organizational support exists at a greater degree in BPO sector. Social exchange represent the average mean value of 4.68, it indicates the Social exchange also remains at relatively significant level. When perceived organizational support and Social exchange are correlated 30.2% of variation is identified in the dependent variable of Social exchange. The positive relationship is identified by executing the regression analysis and remains at 51.2%.

However when organizational commitment act as a moderator in between perceived organizational support and social exchange, 44% variation is identified in the depended variable of Social exchange. Perceived organizational support, organizational commitment has positive relationship with Social Exchange however perceived organizational support and organizational commitment impose consecutively 33.8 % and 49.7%.

Economic Exchange represent the average mean value of 4.62, it indicates the Social Exchange also remains at relatively significant level. When perceived organizational support and Economic Exchange are correlated 69% of variation is identified in the dependent variable - Economic exchange. The economic exchange is identified with positive relationship 18.4% by executing the regression analysis. However when organizational commitment act as a moderator in between perceived organizational support and economic exchange 6.9% variation is identified in the depended variable of economic exchange. Perceived organizational support, organizational commitment has negative relationship with economic exchange however due to the highest organizational commitment the relationship is hidden, not brought to the surface and remains at 2%.

The study indicates that the Employer – Employee productive exchange is a measurable, quantifiable, subjective and existing reality. The outsourcing industry in Sri Lanka illustrates significant exchange process. The outsourcing industries exchange process can be very concisely demarcated as social exchange and economic exchange. The degree of social and economic exchanges shows clear disparity in between the gender, nature of employment and the length of service in the organization. The degree of disparity is either positively or negatively induced by the moderator organizational commitment based on the positive or negative relationship the depended work out come has with the depended variable – social and economic exchange.

Perceived organizational support remains highly significant in the non permanent segment than the permanent segment.

Exchange process illustrates clear disparity among educational level, gender, experience, and tenure and employee tier. It can be argued that the exchange process can be subjectively quantified and measured by establishing human resource accounting system enabling the employees to have the Individual Exchange Index (IEI), possibly this can be utilized to determine the productivity and ROIs. This subject area creates room for future research. Even though BPO companies understand and use productive exchange in a constructive manner, they are not using the exchange as a business strategy to generate profits due to greater degree of risk imposed by the environmental factors.

Social Exchange is built on a long term perspective and trust determines the baseline and highly significant in the non permanent segments; possibly they wanted to develop themselves as informal group to eliminate the risk factor on their job role. Social exchange process remains high among the employees who have the correct combinations of managerial and technical knowledge. Does technical knowledge facilitate social exchange is interesting subject area for future research. Social exchange being very strong among the female employee compared with male workers in the BPO sector. Social exchange generate optimum productivity, however it is amazing to identify very less number of female employees are holding managerial position in the BPO sector due to the Asian culture.

Economic exchange has been very high in the male employee segment; they are greatly influenced by this exchange possibly due to exploring more opportunities available in the business environment and increasing people network compared with the female segment. Economic exchange should be quantifiably measured, used as the basis to determine the succession and contingency planning in the BPO sector to overcome the volatile dynamism in the waving workers.

Perceived organizational support generates positive relationship with the social exchange, the relationship is very negatively enhanced while the moderator organizational commitment involves. Organizational commitment is comparatively very high among the contract and external employees than the permanent employees. However BPO organizations are not prepared to use those most to generate higher productivity due to numerous risk factors. Due to the increased organizational commitment prevailing in the outsourcing industry, the economic exchange is destabilized. Organizational commitment greatly influences the social exchange process than the economic exchange process. Perceived organizational support to create the Economic Exchange in a productive manner the organizational commitment is an absolute requirement; organizational commitment plays a strategic dominant role as a subset of perceived organizational support.

Even though the productive exchanges have received relatively less significance focus or limited attention in the BPO Companies, they are strategic important elements or facts on the employment exchange or relationship. Those are the baseline to decide whether retaining an employee is worth or profitable business for an organization in the long run. Possibly the research will help the organization may make strategic decision which may not violate the

productive exchange, often with correct understanding and awareness. Work force layoffs, reducing work force, use of contract workers provide distinguished insight to workers about the type of psychological contract they have with their organization. Researchers wish to see BPO organization focus comprehensively to revise the employees' base who feels that their existing psychological contracts need re-visiting. Based on this research, it is clear that the employer-employee exchange and the employee work outcome is a strategically important organizational phenomenon among the BPO sector in Sri Lanka which provides the correct basis for understanding the bond between their employees and organization.

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